

Beirut, July 20

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TIME

Vol. 168, No. 5

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the Army's cash crunch hits home; twin brothers rule Poland; civilian deaths climb in Iraq; bad news on bees MILESTONES: Adieu to the brains behind Hooters, America's top dog trainer and a Cambodian killer

IN THE ARENA: Joe Klein on how Joseph Lieberman runs from the Iraq issue-and why it's time for him to stop

NATION

FALL FROM GRACE: Ralph Reed, political mastermind of the religious right, discovers that running for office isn't as easy as operating in the wings.....

BUSINESS

HEAD OF THE FED: In his six months on the job, Federal Reserve chairman Ben Bernanke has introduced straight talk about the economy, even if no one knows where it's headed ... 54 DELL: The computer maker, famous for selling direct from the factory, goes to the mall

SCIENCE

STEM CELLS: With President Bush reaffirming limits on stemcell research, U.S. scientists are flocking to one of the world's fastest-growing research centers: Singapore 58

ARTS

TONY TURNS 80: Inside the recording studio with Bennett, who's celebrating his big birthday with a documentary, a 60 prime-time special and a new album of all-star duets... MIAMI VICE: A once popular TV show hits the big screen WORTH YOUR TIME: Cookbooks from top restaurants......

YOUR TIME

MONEY: Retired baby boomers are reinventing themselves as

FASHION: Get out the leggings and wide belts. Designers are bringing back the '80s look 68

PEOPLE: Oprah talks about her sexuality; Courteney Cox Arquette discusses new films and life with hubby David; an amazing American comeback in the Tour de France

ESSAY: Barbara Ehrenreich on the college gender gap: slacker guys may drool, but they still rule

COVER: Photograph for TIME by Thomas Dworzak-Magnum

hoots. sweaters and leggings, à la 1980s.

return for fall

Stem-cell research grows

in Singapore





Bennett at 80: He teaches **Billy Joel and Elvis Costello** some old-school tricks

ler boy of Coalition, Ralph Reed gets a comeuppance



As the fighting between Israel and Hizballah heats up, foreigners, above, flee Lebanon while Condoleezza Rice heads to the region, officially entangling the U.S. in the most dramatic Arab-Israeli flare-up in more than 20 years

For an interview with Lebanese leader Saad Hariri, go to time

TIME (ISSN Q040-781X) is published weekly, except for two issues combined at year-end by Time Inc. Principal Office: Time & Life Building, Rockafeller Center, New York, N.Y. 10020-1393. Ann S. Moore, Chairman, CEO; John S rest cook under notes promotion every sought or find toxics continued by placed by the mic. Includes under the six the beauting sourcement center, when notes 1000-1935. Ann. Submit, Challedon making effices. 2007 The line OA mily the restricted impossible of the control of the production problem or the production making effices. 2007 The line OA mily the restricted impossible or the production of the six or placed with the six of the production of of the

Check out TIME's website every day for coverage of breaking news and analysis of hot issues, as well as photo galleries, multimedia features, blogs, opinion and the chance to talk back to TIME journalists



TWO VIEWS What should the U.S. do diplomatically Middle East crisis? TIME

men who weathered plenty of international crises during their years of public service: former Secre tary of State George Shultz, left, and Zbigniew Brzezinski, National Security Adviser under Jimmy

Carter. Read their views at

DEFENDING APPLEBEE'S

TIME's food critic-and self-described food snob-John Cloud makes a case for smalltown America's casual-dining chain. Visit time.com regularly to read Cloud's stories of culinary intrigue.





QUICK POLL Last week's winner

We asked time.com readers which everyday baseball player they think is having the best season. The runaway winner was Derek Jeter, with 41% of the vote, followed by Albert Pujols, with 22%.

This week's question In September Katie Couric, above, will start her new job as anchor of the CBS Evening News. Of news anchors past, present and future, who do you trust the most? Vote at time.com/anchorpoll.

GADGET OF THE WEEK



Every week our tech expert Wilson Rothman reviews new gadgets, like Nike and Apple's new running system

GREAT SHOTS Last week readers

clicked through our picks of the week's best images-from a stunning spacewalk to the running of the bulls in Pamplona-and voted for their favorite. This shot of a very dirty Corrane Kindery, 8, at Wayne County's mud day in Michigan, was

the winner. See more at time.com/potw.





THE ALLEN REPORT No one is more plugged into the ways of the Beltway than TIME White House correspondent Mike Allen. Now get his inside scoop every day on his new blog at time.com/allenreport



Where do new products come from? How about new services? Or new and better ways of working? A people-ready business has the answer: It's people, empowered by the right software. Software that streamlines the creative process, organizes the production process, and connects people who have ideas with people who can manufacture, distribute, and sell them. That's the foundation of a successful business. A people-ready business. Microsoft." Software for the people-ready business." microsoft.com/peopleready

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In a **people** ready business,

ROI stands for "return on imagination."

10 QUESTIONS FOR Morgan Spurlock

e gorged on McDonald's for the 2004 documentary *Super Size Me*, then went to TV with his nonfiction series 30 *Duys* on FX. Season 2 of Morgan Spurlock's critically acclaimed show—which explores what happens when you spend a month with someone on the opposite side of a controversial issue—premieres this week. Time's Hillary Batchelder and Jeff Chu spoke with Spurlock, 35, about hamburgers, going to jail and growing up as a dancer in West Virginia.

30 Days dealt with flash-point issues like homophobia last season. What will you tackle this season? In the first episode a border-patrolling Minuteman

this season? In the first episode, a border-partiling Minuternan moves in with a family of filegal immigrants and experiences what it's like to be in an undocumented family in the U.S. for a month. We examine outsourced in India goes there to look for his job. We deal with atheims and Christiantily—an atheist moves in with a Christian family for 30 days.

In last season's debut episode, you tested your girlfriend Alex, who's now your wife, by making her live with you on the minimum wage for a month. How will you push her buttons this vear? She made it very clear when I was getting ready to do Season 2 that she was not going anywhere with me. She said, "You're on your own this time, pal." In this season's finale, I get locked up in jail for 30 days. She sees me off before I go. visits me and greets me when I get out. So she makes cameos.

Has 30 Days changed your mindon any issue? Coing to jail really changed my mind about a lot of the people who end up doing time in America. The way we were all brought up, you drive by a jail with your family and your mom says, "That's where all the bad people are." So you have this very specific idea of



who's in there. After being locked up, I realized we make it very difficult for a lot of these people to live a life of productivity after they make one mistake. There are definitely people who should be locked up, but we stack the deck against some of them in a way that makes it very simple for them to return to jail later.

Super Size Me was your breakthrough. Do you ever go to McDonald's now? I don't. I'd rather have a burger from a place that uses fresh ground beef, where the guy makes the patty for himself before he puts it on the grill. You know, like In-N-Out Burger or mom-and-pop joints.

You're making a film version of Chris Mooney's best-selling book The Republican War on Science. Why? We've started to make science and empirical evidence not nearly as important as punditry—people using p.r.-speak to push a corporate or political agenda. I think we need to turn scientists back into the rock stars they are.

Some of your critics say you are basically an anticorporate pundit. In the U.S., we've given corporations all the powers and freedoms of an individual but with none of the responsibility. Corporations need to be giving back to their communities just as much as they're taking away.

What about the corporation that airs your show? It owns Fox News too, right? I know! Rupert Murdoch! Maybe we're their conscience. Or maybe they say, "Well, we're gonna put these shows on the air. What do you mean I'm bissed?"

What do you think of reality TV? It's opened the door for people to be more accepting of documentaries. I don't think Super Size Me would have done as well as it did in theaters had it not been for reality TV. But I really don't watch a lot of TV. I watch the news, and once in a while Entourage or The Sopransa. And I love 30 Days—30 Days is a great reality showly.

You grew up in West Wriginis, which is prefty conservative. But you're not. I was very fortunate to grow up in a household where my parents were incredibly supportive of the arts. My brothers ended up becoming professional dancers. I grew up as the third dancing brother in a family of dancing brothers—not the cool thing to be in the middle of West Virginia. I did have guns, though. I'm progun. I think that guns don't kill people. Bullet skill people.

You and your wife are expecting a baby. What's your kid going to think, seeing Dad on TV? You

know, I hope that my kid likes me more than anything else. I just hope he looks at me on TV and says, "Wow, I hope that guy comes home—right away."



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Please see important information on next page.

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What is ASTELIN?

ASTELIN is a prescription nasal spray medicine. ASTELIN is an antihistamine proven to relieve symptoms of seasonal allergies in adults and children 5 years and older. In addition, in people 12 years and older, it relieves symptoms caused by environmental irritants such as perfumes, cigarette smoke, exhaust fumes, chemical odors, and cold air. These symptoms include sneezing, itchy or runny nose, stuffy nose, and postnasal drip.

Who should not use ASTELIN? If you have experienced an allergic reaction to azelastine

or any other ingredient in ASTELIN, do not use this drug. Your doctor can provide a list of these ingredients

What should I tell my doctor before I use ASTELIN? Only your doctor can decide if ASTELIN is right for you. Before you use ASTELIN, tell him/her if you are.

- · using other prescription medicines · using medicines you can buy without a prescription,
- including natural products and herbal products · pregnant, think you may be pregnant, plan to become pregnant, or are breastfeeding
- allergic to any medicine

How do I use ASTELIN? Spray ASTELIN into your nose. Follow your doctor's instructions regarding when and how often to use it. Before you use ASTELIN, read the "How to Use Instructions" in the

package. Do not spray ASTELIN into the eyes How much ASTELIN should I use?

Your doctor will prescribe the dosage that's right for you, or your child, depending on your condition

Seasonal Allergic Rhinitis

The recommended dose in people 12 years and older with seasonal allergic rhinitis is 1 or 2 sprays per nostril twice daily. The recommended dose in children 5 years to 11 years of age is 1 spray per nostril twice daily.

The recommended dose in people 12 years and older with vasomotor rhinitis is 2 sprays per nostril twice daily. Before initial use, the delivery system should be primed with 4 sprays or until a fine mist appears. When 3 or more

days have elapsed since the last use, the pump should be reprimed with 2 sprays or until a fine mist appears. What are the most common side effects?

- Like all medicines, ASTELIN may cause side effects; the
- · bitter taste · drowsiness
- · headache · nasal inflammation or burning

Tell your doctor if you are experiencing these or any other medical problems while using ASTELIN. For a complete list of side effects, ask your doctor

CAUTION: Some people may feel sleepy when using ASTELIN. If you feel sleepy, avoid activities that require alertness (like driving a car or operating machinery), and do not drink alcoholic beverages or take other medicines that may cause drowsiness.

What should I do in case of an accidental overdose? Call your doctor immediate

How should I store ASTELIN? Store at room temperature (68°-77°F or 20°-25°C), Do not store in the freezer.

General information about ASTELIN Medicines sometimes are prescribed for conditions

not mentioned in the patient leaflet. Do not use ASTELIN for a condition for which it was not prescribed. Do not share ASTELIN with other people. You are reading a summary. For more information, consult your doctor, call 1-800-598-4856, or visit www.astelin.com

MedPointe Healthcare Inc. Somerset, NJ 08873 Revised January 2006

A floor lamp that spreads sunshine all over a room



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The Balanced Spectrum floor lamp brings many of the benefits of natural daylight indoors for glare-free lighting that's perfect for a variety of indoor activities.

The Balanced Spectrum floor lamp will change the way you see and feel about your living or work spaces. Here's how:

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- · Studies show that sunshine can lift your mood and your energy levels. But as we all know the sun, unfortunately, does not always shine. So to bring the benefits of natural daylight indoors, we created the Balanced Spectrum™ floor lamp that simulates the full spectrum of daylight.
- Its 27-watt compact fluorescent bulb is the equivalent to a 150-watt ordinary light bulb. This makes it perfect for activities such as reading, writing, sewing, needlepoint, and especially for aging eyes. This lamp has a flexible gooseneck design for maximum efficiency and a dual position control switch for 27 and 18 watts of power, with an "Instant On" switch that is flickerfree. The high-tech electronics. user-friendly design, and bulb that lasts 10 times longer than an ordinary bulb make this lamp a must-have.

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Colonial Heights, VA 23834

How Our Siblings Shape Us

With all due respect to nurturing parents everywhere, new research on family dynamics reveals that siblings have a potent influence on personality development. Our report brought poignant reflection from readers on how the presence—or absence—of siblings leaves an indelible mark

YOUR REPORT ON SIBLING RELATIONSHIPS resonated with me [July 10]. I'm the middle child, between two brothers, and I have always been affected by my relationship with them. We grew up close, and now we are in touch each week. In times of discord, I don't like to go away angry at either of them. As my brothers and I have always said, "We can't stay mad at one another for more than an hour. Wer's family."

CATHRYN BIGA Chicago

SIBLINGS MARE US WHO WE ARE. WHAT has always seemed like common sense has finally been confirmed by scientific research. When I was preparing the dreaded tell-us-about-yourself essay for college applications last year, I submitted a draft to satisfy a class assignment, and my teacher told me that I had written a great essay—about my brother. It's hard to describe who you are only in terms of yourself when the people you've grown up with are the ones who made you that way.

STACY LEE Northridge, Calif.

TO SAY THAT "SIBLINGS MAKE YOU WHO you are" is simplistic nonsense. Our development is influenced by parents, grandparents, distant forebears, teachers —and on and on, ad infinitum. All the people we encounter make up a complex community that shapes each one of us. JOHN R. THURSTON Eau Claire. Wis.

THE ARTICLE DID NOT MENTION WHAT he loss of a sibling can do to those who are left behind. When my elder sister died suddenly, the effect was devastating. Losing your only sibling is much like losing half of yourself. If you lose your parents, you are an orphan; if you lose your spouse, you are a widow, but there is no term to describe a sibling who becomes an only child because of a cruel twist of fate.

KRISTIN MOSES MURRAY Charlottesville, Va.



44 It's hard to describe who you are only in terms of yourself when the people you've grown up with are the ones who made you that way. 77

STACY LEE Northridge, Calif.

Can Gitmo Be Fixed?

THE REPORTS ABOUT THE TREATMENT OF suspected terrorists at Cuantinamo Bay are disturbing [July 10]. Restraining a person in order to force-feed him via a nasogastric tube is revolting. As a doctor, I am shocked that our government engages in this abuse; as a Muslim, I am frightened that presumed religious fundamentalists have been so psychologically and physically tortured that they have tried to kill themselves (suicide, according to Islam, sends one straight to the hell) and as a U.S. citizen, I floid it morally unacceptable that inhuman acts are committed in our country's name.

SALEM SAMRA, M.D. New Haven, Conn. THE DETENTIONS AT GTMO ARE IMmoral, illegal by international standards and profoundly un-American. It's time to shut down this abomination before we create even more enemies than we already have. We should try the detainness we can't immediately clear, punish the ones we convict and promptly release the rest. Any possibility of extracting useful intelligence from the detainness passed years ago.

KEN KEATON

Liberty vs. Security

EVERUOUS SHOULD READ MANAGING EDItor Richard Stengels "To Dur Readers" column about the crossfire between the government and the press over the stories on the highly classified program to monitor bank records [July 10]. It was refreshing, in this era of k nee-jerk vilification of the other guy's point of view, for Stengel to urge us to listen carefully to the debate, since power politics may play a role on both sides. As he reminded us, we are the judges.

AUDREY MAYVILLE Winston-Salem, N.C.

THE PRESS MIGHT HAVE LISS DIFFICULTY withholding the details of ongoing national-security programs if it were not distracted by the grandiose notion that it must "speak truth to power." A better objective would be to provide accurate and useful information. That may not sound as exciting, but it is a clearer conception of what the public needs.

CLAY BOSWELL New York City

WHEN A GOVERNMENT OFFICIAL LEASS classified information, it is a crime, and the person should be tried and, if found guilty, punished, Journallists should be held accountable if they aid and aber the crime. The natural conflict between the government and the press should be resolved by the Legislative and Judicial branches. It would benefit our society to have these cases taken to court. Nobody

moving forward is being a good friend.

not asking why, but rather "why not."

teaching Little Leaguers how to catch a baseball and swing a bat.

helping others to help themselves.

LAGRANGE TOYOTA MOVES FORWARD WITH PROJECTS THAT FOCUS ON THE FUTURE.

LAGRANGE TOYOTA
has received the Toyota
President's Award for the 18th
consecutive year. The award is given
for excellence in all aspects of
dealership operations.



Hybrid vehicles help keep LaGrange clean and green, says Michael Stogner (right), owner and General Manager of LaGrange Toyota, with LaGrange College President F. Stuart Gulley.

LaGrange Toyota is proving that it really is easy to be green. Michael Stogner, owner and General Manager of the LaGrange, Ga., dealership, is dedicated to preserving the beauty of his hometown for generations to come.

When the dealership's new facility opens next year, more than 100 trees, planted by local youth groups, will create a greenbelt and complement LaGrange Toyota's eco-friendly attitude.

"We've made a commitment to promoting environmental efforts," explains Stogner. "One of the ways we are doing that is by encouraging customers to explore hybrid vehicles."

When the first Toyota gas/electric hybrids rolled off factory floors, LaGrange Toyota jumped at the chance to share the technology with customers.

Since then, the dealership has become a local expert with its experienced sales staff and technicians.

When LaGrange College needed to expand its fleet, it turned to LaGrange Toyota for a hybrid vehicle.

"I enjoy driving the Prius on college business. It's a great conversation-starter and helps us get our message out about becoming environmentally responsible," says F. Stuart Gulley, President of LaGrange College.

The college has a sustainability task force made up of all segments of the college population. Its mission is to support initiatives that help make the college more sustainable. Recently, it began offering designated parking spaces for hybrid vehicles.

Those kinds of efforts are proof positive that LaGrange is definitely in the green.

ATLANTA TOYOTA SCHOLARSHIPS INSPIRE RECOGNITION OF PUBLIC EDUCATION.

ATLANTA TOYOTA
has received the Toyota
President's Award for the
13th year. The award is given for
excellence in all aspects of
dealership operations.



Atlanta Toyota President and General Manager Adam Berman and dealership Administrative Assistant Lisa Cherry review hundreds of essays written by Gwinnett County high-school seniors.

Atlanta Toyota definitely knows how to inspire students. For the third consecutive year, the Duluth, Ga., dealership recognized graduating seniors from Gwinnett County Public Schools and the teachers who have influenced their lives.

This year, Atlanta Toyota's Recognition Excellence Scholarship program honored 16 scholars. The high-school seniors were invited to write essays about their favorite instructors. Each selected essay won a \$2,000 college scholarship for the student and a \$1,000 award for the teacher highlighted. Since the dealership started the program, some \$144,000 has been presented.

"Our goal is to inspire these kids and help them excel in their future endeavors," explains Adam Berman, Atlanta Toyota President and General Manager. "We feel it is our responsibility to assist the educational goals of the community."

Superintendent J. Alvin Wilbanks appreciates the benefits that this kind of project generates.

"Atlanta Toyota is a great corporate partner," he says. "Its support of public education through the recognition of outstanding students and educators is a source of pride for our community."

The project's impact is easily recognized in the words of one scholarship winner.

"Mr. (Joel) Cooley taught me the significance of believing in my ability to accomplish what seemed far beyond my grasp," wrote Kemah George. "He taught me never to settle for mere achievement when there was ever a possibility that I could overachieve."

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SETTING THE RECORD STRAIGHT

MARCHING MATRONS

■Our May 15 report on the activist group Raging Grannies, of Palo Alto, Calif., mistakenly stated that group members were arrested during a protest at a Ford dealership last March. The arrests involved other demonstrators.

BLOOMING BLUNDER

■The June 26 story on the lawsuit against the estate of James Joyce erroneously referred to a character in his novel *Ulysses* as Stephen Bloom. The character's name is Leopold Bloom.

has the right to reveal sensitive information that has the potential to threaten our national security.

PETER SMITH Castle Rock, Colo.

I TRUST THE GOVERNMENT MORE THAN I trust the media these days. What might keep journalists from getting too full of themselves? The sight of a few leakers, reporters and editors defending themselves against formal charges of treason might do the trick.

GARY L. PARRY Carrollton, Texas

Going into Gaza

"SEARCH & DESTROY" [JULY 10], ON ISRAEL'S raid against Hamas during the search for a kidnapped soldier, stated that "Gaza militants have fired homemade rockets at Israeli towns, usually missing but causing some injuries and great misery." Women and children have been injured and killed by the shelling. To call that "great misery" is a bit understated. As an Israeli living in the San Francisco Bay Area, I wonder how the San Iose police department would react if people in its southern neighborhoods fired missiles at its northern ones. Obviously the Gaza situation is different, but if the Palestinian authorities wish to have full control of their territories, they should act responsibly, the same as any modern country would: by capturing and punishing criminals and other types of evildoers.

EYAL TRAITEL Cupertino, Calif.

History Lessons

COLUMNIST CHARLES KRAUTHAMMER'S ESSAY "Remember What Happened Here" [July 10] hit the nail on the head: Palestimians remain committed to the destruction of Israel. As soon as they had control of Gaza, they andalized synagogues, destroyed state-of-the-art greenhouses and did nothing to create jobs and income. If Palestinians hadn't been warring against Israel during the past 58 years, they would have made economic progress. Palestinians deserve leaders who are committed to raising their standard of living, not destroying it.

JOSEPH ABDEL WAHED

Moraga, Calif.

ENDITIALMMEN DESCRIBED GAZA AS PREE: "Every remnant of Israeli occupation was uprooted and taken away." But prior to the latest incursion, Gaza was still surrounded by the Israeli army, with cheekpoints at exits, its coast patrolled and its airspace controlled. It is actually a large open-air prison. Israel's occupation of territory beyond its legitimate borders is the problem.

GILWEE WALKER Palo Alto, Calif.

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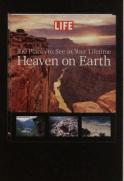
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NoteBook



ILLEGALS? NOT IN THESE TOWNS

HE OLD ADAGE SAYS ALL politics is local. Right now all legislation on illegal immigration certainly seems to be. In Washington, the House and Senate appear no closer to resolving their impasse on the issue. In competing series of hearings, Senators are insisting on a

House and Senate appear no closer to resolving their impasse on the issue. In competing series of hearings, Senators are insisting on a Senato

guest-worker plan, while hardliners in the House refuse to accept any such accommodation. Fed up with all that congressional talk and the lack of national legislation, cities across the U.S. are passing local laws to deter illegal immigrants from coming to town. An ordinance will go into effect this week in Vista, Calif.—a San Diego suburb—that requires employer.

ers to register with the city before using day laborers, many of whom are illegal immigrants. They must also report whom they hire. The coal town of Hazleton. Pa. (pop. 31,000), is preparing to carry out the nation's toughest illegal-immigration law, passed two weeks ago. Hazleton's new regulations mandate fines for employers who knowingly hire illegal immigrants and landlords who knowingly rent to them. "Our quality of life is at stake, and I'm not going to sit back and wait for the Federal Government to do something about it" savs Mayor Louis Barletta. "I know that other cities across the country feel the same way."

Those cities include Avon Park, Fla., a Citus Belt community of 8,500 that may pass legislation similar to Hazleton's this week. Kennewick, Wash, will consider an illegal-immigration ordinance this week too. "The government's not doing enough," say Kennewick councilman Bob Parks, the measure's sponsor, who points to Barletta as his inspiration. "I thought, If this may have the substitute of this, I'm going to follow suit."

A Battle for Military Bucks

the first time since 9/11, the U.S. military is feeling a different sort of pressure at home: a money crunch. Despite ongoing wars in Iraq and Afghanistan, Congress has been slow to approve defense funds, even for the Army and Marines, which have borne the brunt of the fighting.



eneral Schoomaker testifies

Funny that Parks should choose the word suit. That's exactly what opponents of such measures are planning. The Puerto Rican Legal Defense and Education Fund expects to file a lawsuit shortly to overturn Hazleton's ordinance, which Cesar Perales, president of the New York City-based advocacy group, says is "unconstitutional and discriminatory." Perales cites a legal analysis by the bipartisan Congressional Research Service that suggests Hazleton's ordinance, by creating penalties for those who aid immigrants. may be trampling on an area of law that is under federal jurisdiction. "You can't have every little town deciding the conditions under which illegal immigrants are going to live there," he says. For now, at least, some communities seem deter-

mined to try. -By Sarah Lilleyman

WHAT'S NEXT

Iran Will Answer

But U.N. action could stall a deal iran has pledged to reply by Aug. 22 to a Western offer of incentives to stop its nuclear activity. But it warned of consequences if the U.N. Security Council officially takes up its case—which the U.S. hopes the panel will do this week.

Congo Votes Will the election usher in stability?

President Joseph Kabila is favored to win Congo's July 30 vote, its first free election since 1961. A peaceful poll would aid recovery from a bloody civil war that ended in 2003. But most of his 32 opponents are already alleging fraud.





That has left the Pentagon with a huge deficit-even though a 40% hike in its budget since 9/11 has swelled its yearly funding to nearly half a trillion dollars.

The crunch's cost is evident at installations like the Red River Army Depot in Texas, where hundreds of humvees sit in disrepair. and Fort Sam Houston, which is three months behind in its electric bills. The Army says it needs \$17 billion to fix equipment worn down after five years of fighting.

Critics say the Army could save money by ditching expensive projects like the high-tech \$160 billion Future Combat Systems, a

Rusted humvees waiting for repair

battlefield commandand-control program. The Army and Marines are making cuts but are also set to fight for more funds. Defense officials say the two services are consider-

ing openly defying the Pentagon's civilian leadership, which has pushed for slower spending, by submitting budgets that break preapproved ceilings.

Army Chief of Staff Peter Schoomaker, who came out of retirement in 2003 to run the service, told a congressional committee last month that defense spending during World War II neared 40% of GDP; it is now 3.8% and shrinking. He is frustrated, says a retired general who is a friend of Schoomaker's, Frustrated enough to quit if funding isn't boosted? Says his friend:



66 This is a war of nerves. Don't be fooled by quiet. Be afraid of it. >>

KHALID MEHDI, fisherman from Tyre, Lebanon, during a lull in the bombings bu Israel that have pounded the town, which is sandwiched between Israel and Hizhallah's heartland in southern Lebanon

66 Nobody wants to take any chances anymore, so if one person screams, everyone runs. 39

PAK ADITYA, resident of Java, Indonesia, after a magnitude-6.0 earthquake last week that sparked fears of another tsunami, just two days after a tsunami claimed at least 650 lives on the island

66 Just going to make it up. I'm not going to talk too damn long like the rest of them. 99

GEORGE W. BUSH, U.S. President, to British PM Tony Blair before his speech to leaders at last week's G-8 summit in Russia. His remark was caught by a microphone that had inadvertently been left on

66 Marriage is not about love. It's about a love that can bear children. 99

TODD AKIN, Republican Congressman from Missouri, calling for the House to pass a constitutional amendment banning gay marriage. The measure failed

66 He at least wasn't hooked up to the power. It might have been pretty warm there. >>

KARL BEZNOSKA, owner of Houdini, a 12-ft.-long Burmese python that required surgery after swallowing a queen-size electric blanket

66 Every decade has an iconic blond like Marilyn Monroe or Princess Diana, and right now I'm that icon. 99

PARIS HILTON, socialite and heiress, on her place in society

For more daily sound bites, visit time.com/quotes

Sources: New York Times (2); AP; Los Angeles Time:



THE RISING TOLL IN IRAQ



The statistic is shocking: Iraqi civilians died in insurgent and sectarian attacks at a rate of nearly 100 a day in May and June, according to a U.N. report last week. July has been worse, with a series of Sunni-vs.-Shi'ite assaults that have each left dozens dead. One of the

bloodiest: 53 people died in Kufa last week when a man in a van enticed Shi'ite day laborers with the promise of work, then blew up his vehicle as they approached.

The U.S. insists violence will abate as more Iraqi soldiers and police deploy, but the U.N. report points out that "new recruits are primary targets of the



insurgency." In a rare statement last week. Grand Ayatullah Ali Husaini Sistani, Iraq's top Shi'ite cleric, called on Iragis "to unite and forsake hatred and violence, Replace it with love and peaceful dialogue." -By Charles Crain

Online Gambling Backers of a ban want a quick vote

The British owner of a gambling website was arrested in Texas last week for taking illegal U.S. bets. Experts say online gaming is a legal gray area-which some Senators are pushing to clarify with a vote this week on an explicit ban.

Shake-Up at Disney Studio prez, naughty films axed

Pirates of the Caribbean may be this summer's smash, but Disney changed course last week, ousting its movie studio's captain. Next on the plank: 650 more employees and any new plans to make R-rated films.

Bonds Indictment?

Giants star avoids charges-so far A grand jury's term expired last week without an indictment of Barry Bonds, But prosecutors are still investigating the slugger's alleged steroid use, tax evasion and periury. They go to bat before a new grand jury this week.



IT'S ALL RELATIVE

President of Poland, and he recently chose his twin brother Jaroslaw to serve as Prime Minister, Critics cried nepotism, But naming relatives to positions of power isn't new-and in monarchies. it can be automatic. Even in lands without emperors or kings, though, there's a long history of keeping the power in the family. Here are a few examples. -By Hillary Batchelder and Elisabeth Salemme

▼ JOHN ADAMS AND JOHN QUINCY ADAMS

The second U.S. President came under John Quincy as Minister to Prussia-then a prominent diplomatic post.







▲ FRANK AND LISA MURKOWSKI When Frank Murkowski was elected Governor of Alaska in 2002, he chose a fellow Republican-his daughter Lisa-to fill his U.S. Senate seat.



A J.F.K. AND R.F.K. John F. Kennedy tapped younger brother Bobby as manager of his 1952 Senate and 1960 presidential campaigns. Those jobs successfully done. R.F.K. was given the post of Attorney General and served as J.F.K.'s closest adviser.





▲ JUAN AND EVITA PERON Argentine President Spiritual Leader before she died in 1952. When he became President for a second time in 1973. he chose third wife Isabel as his V.P.



■ ARTHUR BALFOUR AND ROBERT CECIL Ever heard the saving "Bob's

vour uncle"? It means "no problem" and refers to Cecil a Victorian Prime Minister who named Balfour, his nephew, to a series of Cabinet posts.

bond: after being imprisoned and exiled together. they led Cuba's revolution, In 1959, Fidel rewarded his loval little bro. naming him Defense Minister.

Where's the Buzz?

ees may be the summer picnicker's bane, but they're a crucial part of many ecosystems-and their role in pollinating crops makes them important to the economy as well. That's why scientists are alarmed by a new study in the journal Science. Over the past 26 years, say Euro-

pean researchers, the diversity of species in British and Dutch wild bees-and the wildflowers they favor-has plummeted. That's not to say there are fewer bees (some species are thriving) but there are fewer varieties, and that is not good news. An ecosystem with few er species is like a baseball team with only a couple of good pitchers: there isn't much to fall back on if one goes out of commission. One small positive note is that the disappearing species are mostly picky bees that pollinate just a few plants. The survivors tend to be the versatile generalists-those that pollinate a variety.

Nobody is sure whether the simultaneous drop in wildflower diversity is the

cause or the effect of the bee decline. But scientists think the overall phenomenon may be linked mainly to loss of habitat for both plants and bees as countryside is plowed over for development-yet another price nature is paying for

human civilization. -By Michael D. Lemonick

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NUMBERS

45% Percentage of the \$420 million charged to government-issued credit cards by Homeland Security staff in the wake of Katrina and Rita that wasn't authorized in advance, according to a government audit

\$68,000 Charge for 8,000 dog bootees, which went unused

\$7,000 Cost of iPods bought by Secret Service officers for "data storage"



Number of bills vetoed by George W. Bush, the fewest of any President since James Garfield, who served for only four months in 1881 and vetoed none

Number of Presidents—including John Adams and Thomas Jefferson—who never vetoed a bill

635 Number of vetoes by Franklin Delano Roosevelt, the most—by more than 50%—of any President

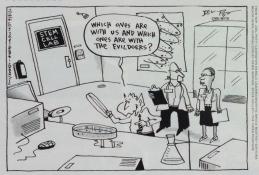
1.5 million Average number of patients injured a year by medication errors of health professionals, including doctors' bad handwriting

\$3.5 billion Annual cost of treating those drug-related injuries

\$51,000 Top bid for Clementine, a pig put up for auction by Lacey Washut, 9, at the Central Wyoming Fair. C&Y Transportation claims its winning \$200-per-lb. bid was mistakenly placed

\$5 A pig's typical price per pound

Sources: Government Accountability Office (3); House of Representatives (3); Institute of Medicine (2); Casper Star-Tribune (2) PUNCHLINES





"«Americans stuck in Lebanon say they're frustrated because other countries seem to be evacuating their citizens faster. On the bright side, we're almost finished evacuating New Orleans. "Э CONAN OBRIEN

Bush says hes personally working on a solution to global warming. He says, Thanks to Republicans, soon every American will receive a voucher for a free Popsicle. 37

MYLENO





MOM, DAD'S QUOTING PRESIDENT PRESIDENT ANNI

GI hope you've heard the great news, America. We are winning. Yesterday, the New York Times made an announcement. They're reducing the width of their newspaper by an inch and a half. That's an inch and a half less of state secrets revealed every day. 97 STEPHEN COLLERY

For more political humor, visit

two games. Because Zidane

retired immediately after the

final, he agreed to perform

V DIED. Sam Myers, 70, Delta bluesman and master harmonica player whose 1956 single Sleeping in the Ground was later covered by musicians from

> Robert Cray to Eric Clapton; of throat cancer; in East Dallas, Texas. In 1986, Myers revived his career as front man for Dallas-based Anson Funderburgh

& the Rockets, considered among the U.S.'s best blues ensembles and the winner of nine W.C. Handy awards—the blues' Grammys.

DIED. Arthur Haggerty, 74, former Army captain who parlayed his military credentials and Haggerty's School for Dogs, whose graduates performed on TV soaps and in 150 films and worked as bomb sniffers and emergency rescuers.

DIED. Ta Mok, 80, last chief of the Khmer Rouge, nicknamed "the Butcher" for his role in the death of nearly 2 million Cambodians during the communist group's rule in the late 1970s; in Phnom

Penh. The only Khmer Rouge leader who refused to strike a deal to defect or surrender to the government, Ta Mok was facing

trial on charges of genocide and crimes against humanity when he died.



In 2002, Condit lost his House seat; in '01, intern Levy lost her life

The strange disappearance of Chandra Levy was the big mystery of the summer of 2001. The Washington intern, who had an affair with California Congressman Gary Colonia Congressman Gary Colonia Congressman Gary Condition and the strange of the California Congressman Gary Later, be case is still openand its impact lingers on its principals.

Levy's remains were found in a Washington park in 2002, but the police haven't nailed her killer and have listed her case as cold. Her family has continued seeking answers, maintaining the site

www.whokilledchandra.com. Despite media speculation about Condit's role, D.C. police said repeatedly that he was not a suspect. The controversy still cost him his 30vear political career. The Democrat lost his 2002 reelection bid and moved with his wife to Arizona in 2003. "He's a survivor, but Ithe defeatl crushed him." son Chad told Larry King last year. The Condits filed-and settleddefamation lawsuits against publications including the National Enquirer, Today Condit runs a couple of businesses, including a Baskin-Robbins-and avoids reporters. -By Hillary Batchelder



community service for three days in lieu of his suspension.

DIED. Robert Brooks, 69, canny businessman who, as chairman of hooters, turned the bar-restaurant chain, famed for buson waitresses in orange hot pants, into an international success; of unspecified natural causes; in Myrlle Beach, S.C. A marketing guru who placed the Hooters name on a practicular of a practicu

natural causes; in Myrtle Be S.C. A marketing guru who placed the Hooters name on magazine, an airline and a pro-golf four, he expanded the chain to 46 states and 20 countries. "Good food, cold beer and pretty girls never go out of style," he said.

tough-love tactics into a career as the go-to dog trainer for America's élite; of cancer; in West Palm Beach, Fla. A favorite of David Letterman's—Haggerty appeared on his show more than 20 times—he ran Captain



and screen who appeared in nearly 100 films over five decades. including 12 Angru Men. All the President's Men and The Verdict. and won an Emmy for playing Chicago Bears coach George Halas in the TV movie Brian's Song: in New York City. An Army paratrooper in World War II, Warden fell in love with drama after a fellow soldier gave him a play to read. He moved to New York City after the war to take acting lessons and pursue a career that eventually led to two Oscar nominations (for Shampoo and Heaven Can Wait).

DIED. Jack Warden, 85, prize-

fighter turned tough guy of stage

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Joe Klein

Lieberman's Last Stand

N A BRAIN-FOGGINGLY HOT SUNDAY AFTERNOON IN JULY, A wistful Senator Joseph Lieberman tried to summon his inner Samuel Gompers as he accepted the Connecticut AFL-CIO's endorsement in his dead-heat primary campaign against the aristocratic antiwar upstart Ned Lamont. "Sometimes you work hard, and people forget," he said, thanking a straggly crowd of union leaders for remembering the picket lines he'd walked over the years. "My folks were working people. I grew up thinking that people who work deserve a fair deal. It takes government to ensure..." and so on. He

was, of course, avoiding the subject. A giant papier-maché statue of George W. Bush kissing Lieberman on the cheek—the Senator's famed Britney-Madonna moment, which transpired after Bush finished his 2005 State of the Union address—sat on the back of a nearby pickup truck, thoughtfully provided by a group called Connecticut Bloggers. There was no mention from Lieberman of the elephant in the truck, no explanation of his alliance with the President over the war in rarg. Just an oblique pleu that this should not be a one-issue campaign.

But it is, even though both candidates have decided to talk most-

ly about other things-a metaphor, perhaps, for the nation's traumatic paralysis over the Mesopotamian disaster. Lieberman's diffidence is understandable. His unflinching support for the war isn't very popular with even his strongest supporters. But Lamont seems almost as reticent. A few days earlier, I'd watched the challenger chug through an entire speech to an Indian-American group without talking about Iraq. "I didn't even talk about the war!" he said with pseudo amazement when he began to take questions. The challenger obviously is out to prove he is more than a single

issue anti-Joe. That will be a fough sell, since Lamont's positions on most other issues seem standard cardboard purchased from the De-mocratic Campaign Depot store. And there is no getting away from the war. The first few questions from the Indian Americans were about Irac, In answering them, Lamont revealed an additional weakness. He doesn't have a clue about what he'd do about the war beyond a general let's get-outst-here body language. It's a forgivable offense. At this point, Lieberman is not offering much more than stav-the-course body language.

Let's stipulate that Licherman's position is honomable, heartfelt and politically couragous. But it is annoying, nonetheless. After his sannoying, nonetheless. After his sannoying, nonetheless. After his warris so crucial, why haven't you been tougher or the Bush Administration's inept prosecution of it?" Licherman replied, mildly, that he had eritized the Bush Administration in the past And then he did a

curious thing. "I think we may have wasted the first year in Iraq," he offered, then retreated, "Well, that may be a little hard..." Maybe I should say we lost opportunities," and then, noticing that I was about to splutter with indignation, he retracted his retraction. "No. we wasted it." To say the least!

The mildness is mystifying. There are those who believe the Senator's unwilling-ness to criticize Bush has its roots in politics. "He flew too close to the sun," said a Connecticut Democrat who believes that Lieberman played nice with the President in the

hope of securing both the Democratic and the Republican nominations for Senate this year. (The Go.P. seems intent on running a hapless benchwarmer named Alan Schlesinger for the seat.) No politician is exempt from hubris, and so there may be something to the theory. But an almost saintly exivily his adways been part of Lieberman's modus operandi. His unflappable strength in facing down extremists of both parties—on issues ranging from welfare reform to immigration, the environment, education reform and Hollywood's frequent excesses—has been an elegant demostration of political indepen-

dence and flagrant humanity over the years. The real problem with Lieberman's position on Iraq isn't overweening civility, however. It is that he has abandoned his native moderation for utopian neoconservatism. His support for the invasion wasn't reluctant, nuanced or judicious; he saw a better world coming. Before the war. he told me that he hoped Saddam's fall would touch off a wave of democratic reform in the region. Given that the entire Middle East seems ready to collapse into chaos this summer, it might seem an appropriate time to revise or extend



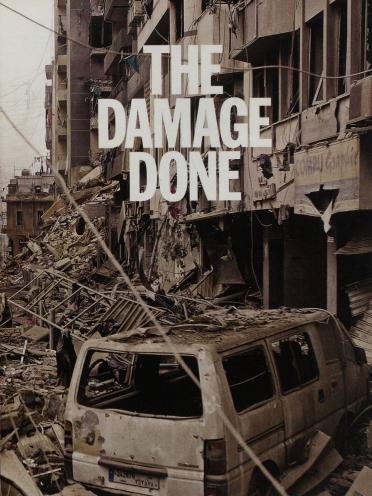
On Irag, the Democrat has shed his moderation for neoconservatism

those remarks—to regret his naiveté or defend his long-term vision or slam Bush for carelessly betraying that vision ... or something. But the Senator isn't doing that. Indeed, it sometimes seems his position is more reflexive than thoughtful. He still insists that progress is being made in Iraq. "What progress?" I asked. "There's an elected national-unity government," he said. "I don't want to overstate it, but we're beginning to reach out to the Sunni insurgency."

Joe Lieberman is, without question, one of the finest men I've known in public life. I could never imagine myself voting against him. But he was profoundly wrong about the most important issue of the past five years—and now, at the very least, he has to acknowledge that there's an elephant sitting in the pickup truck.

To see a collection of Joe Klein's recent columns, visit













6 KEYS TO PEACE

It isn't rocket science, but the playbook for bringing stability to the Middle East requires American commitment, Israeli restraint, Arab flexibility—and a little luck in Iraq By Michael Elliott

WITH A FEW BLAND WORDS—"THIS SUNDAY I WILL TRAVEL TO Israel and the Palestinian territories, where I will meet with Prime Minister Olmert and his leadership and with President Abbas and his team"—U.S. Secretary of State Condoleezza Rice last week linked her office not just to one summer's crisis but also to the careers and reputations of those who preceded her in high office.

Henry Kissinger, Zbigniew Brzezinski, James Baker, Madeleine Albright and others found themselves dragged into the business of trying to bring peace to the Middle East. Year after year, decade after decade, a region that is sacred to three religions and the home of sublime landscapes-vet drenched in blood and covered in the dust of bombed-out rubble-brings those who live in more comfortable neighborhoods back to its old quarrels. Canada, the saving goes, is a nation with too much geography and not enough history. The Levant is the world's un-Canada-a small sliver of land in which ancient grievances are played out again and again as if they held the key to understanding tomorrow.

Rice's trip this week marks an implicit recognition by the Bush Administration that there are some burdens that every U.S. presidency has to bear. It is not that Bush has ignored the Middle East; on the contrary, he is fighting a war there, and the commitment of the President to advance the cause of democracy in nations that have long been autocracies amounts to a policy of revolution. But in six years, Bush's team has studiously avoided the habits of the past: shuttle diplomacy, Camp David summits, special envoys. To Bush & Co., those things are naive, incremental, Clintonian. But whether he likes it or not, the Presidentand his Secretary of State-is deep in the Clinton woods now; the very least that wellwishers can do is point them toward pathways through the thickets.

In truth, Bush and Rice know those paths well. Everyone does. There is no mystery to the theory of peace in the Middle East; it's the practice that has proved so difficult. But it is worth setting out the keys to peace that—with time, patience and goodwill in an area where they are in chronically short supply—might one day allow people to concentrate on building a better life for their children rather than scurrying into bolt-holes and shelters. Here are six of them.

GET THE U.S. INVOLVED

IT IS EASY TO SEE WHY ANY U.S. ADMINISTRAtion would want to stay out of Middle East peacemaking. Those who have tried have had little to show for their pains. Jimmy Carter's successful effort to broker a peace between Egypt and Israel at Camp David in 1978 did nothing for his political fortunes. In 1983, during the presidency of Ronald Reagan, 241 members of the U.S. armed forces died after the bombing of a military barracks in Beirut-killed by a suspected Hizballah faction. And Bill Clinton left office bitterly disappointed that all his intelligence and charm were



DRAGGED IN

The U.S. finally decides to give peacemaking a chance after two weeks of horrendous conflict involving Hizballah, Hamas and Israel and is sending Secretary of State Rice to the region

insufficient to bring about a comprehensive settlement between Israel and the Palestinians.

But Rice's trip is evidence that the U.S. is involved in the Middle East, whether it wants to be or not. That is not, for once, because it is the world's sole superpower, the policeman to which those in any tough neighborhood eventually turn. It is cause the U.S. has a unique relationship with Isneal and is committed to guaranteeing its security. That means Washington can talk to the Isnealis and, occasionally, convince them that their best interests require them to talk to those whose motives and behavior they despise.

As the scale and ferocity of the fighting in Lebanon stunned the world, nations lined up to accuse Israel of a "disproportionate" response to Hizballah's raid two weeks ago, when it kidnapped two Israeli soldiers. But few initially were in doubt as to who started the fight, and it wasn't Israel.

"I'm not any more fond of violence or the prospect of a major war than anyone else," says a French official involved in counterterrorism. "But how could Israel not respond to this provocation in a most forceful way?" Even the Saudis, never quick to grant Israel favors, disavowed Hizballah's actions in a remarkable statement that implied that Hizballah should "alone bear the full responsibility of these irresponsible acts and should alone shoulder the burden of ending the crisis they have created." King Abdullah II of Jordan and President Hosni Mubarak of Egypt likewise condemned Hizballah for "adventurism that does not serve Arab interests."

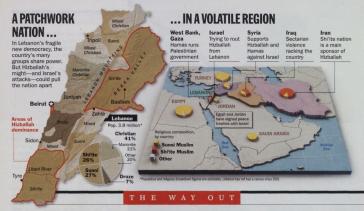
There is little mystery about why Saudi Arabia, Egypt and Jordan-all Arab states with predominantly Sunni Muslim populations-would distance themselves from Hizballah. The Lebanese organization is a Shi'ite fighting force, founded and bankrolled by Shi'ite-and non-Arab-Iran. As Tehran flexes its muscles in the region, pursuing technology that could enable it to build nuclear weapons and watching as Shi'ite forces gradually dominate Iraq, Arab powers have become worried. That gives the U.S. an opening. Administration officials say one purpose of Rice's trip is to create an "umbrella of Arab allies" opposed to Hizballah. "She's not going to come home with a cease-fire but with stronger ties to the Arab world," says a U.S. official. "What we want is our Arab allies standing against Hizballah and against Iran," It was, perhaps, the prospect of such an alliance that led Rice last week to say, "What we're seeing here, in a sense, is the birth pangs of a new Middle East."

2 DON'T FORGET THE PALESTINIANS

LIKE ANY BIRTH, THIS ONE WON'T BE EAST. The leading Sunni Arab states, if they are to join the U.S in opposition to Hizballah and Iran, are likely to ask for something in return, and it is not hard to divine what it would be: a full-hearted U.S. commitment to revive the peace process between Israel and the Palestinians.

For the Arab states, it is axiomatic that a second key for curing the ills that have plagued the region is peace between Israel and the Palestinians. Settle that, many believe, and economic development will proceed apace, extremist groups will lose their reason for being, and public support for violence will evaporate. Even if some of those claims are far-fetched-what, precisely, has Israel done that would explain the woeful economic performance of the Arab world for a generation?-they are deeply held and widely shared. "Terrorism." British Prime Minister Tony Blair told the U.S. Congress in 2003, "will not be defeated without peace in the Middle East between Israel and Palestine. Here it is that the poison is incubated."

There is little disagreement among states in the region or outside it about what an ideal peace between Israel and the Palestinians would involve. Since before World War II, most reasonable observers have known that sooner or later, two states-one with a Jewish majority, one with an Arab one-would share the land between the Jordan River and the Mediterranean. That was the basis of the talks between Israel and the Palestinians in the last year of the Clinton Administration; it was acknowledged by the meeting of Arab states in Beirut in 2002, when they committed themselves to "normal relations" with Israel if it withdrew to its pre-1967 borders; it was the basis of the road map adopted by the U.S. and other powers in 2003; and it was accepted, finally, by Israel's old warrior Ariel Sharon, although he ultimately lost faith in negotiations and adopted a policy of unilateral "disengagement" from the Palestinians. As Sharon's



heir and successor, Israel's Prime Minister Ehud Olmert also knows that one day a Palestinian state will come. The belief is nearly universal. "We know we can't wind this up with guns and tanks," Israel's Deputy Prime Minister Shimon Peres told TIME. "The final solution has to be done diplomatically."

But 2006 is not 2000, when negotiations at Camp David got mired in the devilish details of a deal-how Jerusalem would be governed, how much land Israel would retain on the West Bank, how Palestinian refugees should be handled. Since then, Israel has seen suicide bombers flock to its cities from the West Bank and watched rockets sail into its towns from Gaza and Lebanon, areas from which it had withdrawn all its soldiers-in the case of Lebanon, a full six years ago. Within that context, it isn't the details of a two-state solution that matter now; it is something much more elemental. Israel needs to know that in any deal with the Palestinians, its people will be safe.

GUARANTEE ISRAEL'S SECURITY

FOR THAT REASON, THE THIRD KEY TO PEACE is to find a way to convince Israelis that they and their children can sleep easy at night. And here Israel finds itself in a dilemma. The Jewish state's superb armed forces never failed when asked to fight

against massed armies in conventional wars. But Israel is not flighting a standard war now, with Hamas and Hizballah, it is battling against cells of well-trained militias energized by religious fervor. Armies austrender when their leaders tell them to; guerrillas just slip back to a safe house and wait to fight another day. Worse, today's irregular foes live in villages, hide in houses and are sheltered by civillans (or force civillans to shelter them).

All that means that Israel has to fight a

war that inevitably results in terrible and visible damage to towns and cities—and costs innocent lives. In the court of world public opinion, that is a fight Israel ultimately can never win. Worse, precisely because the collateral damage of such a war is so immense—witness the areas of southern Lebanon that have been turned into a wasteland of shattered masonry—Israel risks creating a new generation of Arabs that hates it with a passion. By trying to guarantee its security today, Israel may be merely threatening its security tomorrow.

In any two-state solution, Pulestrinans would control the West Bank. But the need to maintain Israeli security has compelled some observers to retink how an Israeli withdrawal from the region should be handled. Dennis Ross, Middle East envoy for Presidents George H.W. Bush and Clinton, criticizes the way Israel left Gaza Last year. "The withdrawal," says Ross, "should not have taken place unless the Pulestinians were coing to create the secu-

rity force to ensure security on their side, so that there weren't attacks out of Gaza into Israel." Given all that has happened, says Ross, Olmert will be able to pull out of the West Bank only if one of two conditions are met: "Either his withdrawal is geared only to [Israell] settlers and not soldiers... or the Palestinians are able to put together a credible security force."

STABILIZE LEBANON

BY LEAVING SOLDIERS IN THE WEST BANK after any withdrawal, Israel might hope to guarantee security on its eastern border. But the same tactic wouldn't work to the north; nobody is going to countenance Israel's occupying a swath of southern Lebanon again (as it did from 1982 to 2000) to deny Hizballah room from which to fire its rockets-least of all Israelis themselves, who are horrified by the idea of a re-occupation. That is why the fourth key to peace is to stabilize Lebanon. In part, that means propping up the fragile government of technocrats led by Fouad Siniora and pumping donors to help Lebanon rebuild itself (again)-which will be the focus of a high-level international meeting in Rome this week. But it also means ensuring that Hizballah can no longer use its strongholds in the south to threaten regional peace. That explains why Rice has been at pains to insist that her mission is not to restore the status quo ante but to change the game in Lebanon so that Hizballah is out of the picture. Rice and other top U.S. officials do not expect that Hizballah will be completely disarmed by Israel anytime soon; but they would not be sorry to see its power sufficiently undermined so that other nations can contribute to what Rice calls the "robust" force that will be needed to police the border when hostilities cease.

Getting those forces in place may be easier said than done. When Israeli officials are pressed on who, precisely, might man the border and face down the remnants of Hizballah, they throw out names-Turkey, Egypt, "the Europeans"-in a way that suggests the plan has not vet been thought through. Israeli officials take refuge in the hope that other nations will recognize that Iran, Hizballah's sponsor, is sufficiently dangerous to regional peace that defanging its proxy becomes something that every sensible party would want to do. "Iran." says Peres, "is trying to make a mockery of world institutions." That thought leads to the fifth key to peace-and perhaps the hardest of all to pin down.

HANDLE IRAN

THE ONE FACTOR THAT TRULY DISTINGUISHES this summer's crisis from earlier ones is the realization that Iran is a central player. Among Israelis, it is generally assumed that Hizballah had Iran's encouragement when it kidnapped the soldiers. And that view isn't held just in Jerusalem. "There isn't the slightest degree of ambiguity or doubt as to Iran's role in this," says a French foreignaffairs official. "How much coincidence could there be in Hizballah kidnapping the Israeli soldiers on the same date that ministers met in Paris to decide what measures to take on the Iranian nuclear issue? None, in our opinion," Avi Dichter, Israel's Internal Security Minister, calls on other countries to help Israel show that "Iran's strategy has failed in Lebanon" and claims that if Iran is not faced down, it will try to destabilize oil states in the Gulf.

Assuming Iran was indeed behind libdallah's and, what happens next? The U.S. and other powers are discussing how to rein in Iran's nuclear program, and it may be easier to jointly impose sanctions now that Iran is viewed as responsible for mayhem in Lebanon. But what then? Take a look at a may. Iran is an oil-rich nation that borders Pakistan, Afghanistan, Turkey position in Eurasia that cannot be wished away. European officials talk of a "con-

structive dialogue" with Tehran that involves recognizing it as an important regional power while maintaining the right to sanction it if it breaks the nuclear rules. But Israel-along with many supporters in the U.S.-thinks dialogue with a nation whose leader has said that Israel "must be wiped off the map" is a waste of breath. The U.S., meanwhile, has had few substantive talks with Iranian officials for the past 26 years-and it is anything but clear what levers Washington and its allies think they can pull if Iran really does seek a position of hegemony in the region. Yet even if Iran was to be contained or if it changed its tune, it is hardly certain that Hizballah would follow suit. There is even less reason to think Hamas would Israel's Dichter claims that Iran made its first overtures to Hamas in 2001 and that Khaled Mashaal, the Syrianbased leader of Hamas, is a "frequent flyer between Damascus and Tehran." But Hamas is a Sunni organization rooted in Palestinian resistance. It doesn't need Iran's encouragement to fight Israel.

6 PRAY FOR IRAQ

THERE IS, FINALLY, THE MATTER OF IRAO. The original U.S. hopes for Iraq were not implausible: a successful democracy there would indeed help bring stability to the whole region. But the failure of the U.S. to impose order in Iraq after the invasion of 2003 has emboldened all those who believe that further spasms of violence will force Washington and its allies to give up their push for fundamental change, And there are worse possible outcomes. Iraq could become the launching pad for a fullon war between Sunni and Shi'ite, with Iran entering the fray on the Shi'ite side and the Arab states defending Irag's Sunnis. In the bitter Iran-Iraq war of 1980-88, more than a million people were killed or wounded-and any repeat of that carnage would take place in the context of a region where at least one power, Iran, is determined to develop nuclear weapons.

Seen in that light, there's little wonder that Rice is off on her travels. Her predecessors may have found their shuttles around the Middle East both vexing in their detail and disappointing in their outcome. But they knew that for the U.S. and the world, staying at home was more dangerous still. Rice and her boss, it seems, have got that message. —With reporting by Mike Allen, Elaise Shannon and Mark Thompson Wishington, Lika Beyer and Tim McGirickensafen, Brock Marked Social Micked Girice Commerch Paris and Social Micked Girice.



Mike Allen

BACKING INTO HISTORY

The Middle East crisis is giving Bush a second chance to be a peacemaker

East his way. When he became the first Precident to formally call for the creation of a Palestinian state, it was at least partly because he gagged on such conventional but tortured constructions as "a place for the Palestinian people to carry out their aspirations." When aides drafted a speech with such wording, the President challenged them, demanding, What does that mean? An aide explained that this was how the matter was generally formulated. Bush, a senior Administration official recalls, asked, "Well, do we think there's going to be a Palestinian state?" When his aides said yes, he continued, "Then why don't we say that there should be a Palestinian state?" With that, the groundbreaking words were delivered.

Bush's way is facing a stern test now that the crisis in Lebanon has dragged the Administration into the role of potential peacemaker.

Before dispatching Secretary of State Condoleezza Rice to the region. Bush initiated a series of phone calls from Air Force One and the Oval Office to leaders around the region. Making a virtue of necessity, the President's team says it sees the opportunity for a "leadership moment"-and, however counterintuitive, an unexpected new chance to make headway on Bush's grand goal of leaving the Middle East more democratic than he found it. Ahead of Rice, a State Department envoy and Elliott Abrams, the deputy na-

tional security adviser for global democracy strategy, spent four days in the region.

By sending Rice to the region, the White House is gambling that Arab governments fear the Hizballah militants more than they resent the Israelis. This may help the Secretary of State create what she envisions as an "umbrella"—the word coalition having been spoiled by Iraq—of Arab allies willing to condemn terrorism. Some

specialists call the goal naive, feeling that it overestimates the willingness of Israel's Arab neighbors to risk being seen as taking Israel's side and that it discounts the fact that even if the U.S. could get these governments on board, their people would be milkely to follow.

Yet Bush would dearly love to accomplish something, to neutralize anti-American forces in the Middle East and to redeem himself as a peacemaker. Without that, his foreign policy legacy lives and dies with Iraq, and it's looking ever more likely that the country won't be peaceful before he leaves office. Still, the Administration is ever optimistic. In an e-mail titled "Setting the Record Straight" late last week, the White House declared, "The President's foreign policy is succeeding."

uccared, The Presents rolegin pour, is succeeding. Indeed, the West Wing is relatively upbeat after its annus horribilis. People close to Bush say chief of staff Josh Bolten and press secretary Tony Snow have given the place a desperately needed karmic injection. Bolten has pleased the President by giving him straight talk instead of chereleading and has imposed a new accountability on the staff. Snow—with his bankerly suits, full tank of confidence and dash of celebrity—went on the breakfast shows last week to defend the pace and results of Bush's diplomacy, scoffing at the impatience of those who demanded "egg-timer diplomacy."

As for Bush himself, he is curtailing his traditional August working vacation at the ranch so that he can barnstorm before the midterm elections. Their outlook thus far seems so ominous for the O.P. that one presidential adviser wants Bush to beef up his counsel's office for the tangle of investigations that a Democrat-controlled House might pursue.

With the Democrats determined to make a major issue of Bush's foreign policy competence, the President seems ready to leap at the chance to refresh the landscape and make his own history. He had deliberately diverged from the Middle East course set by his two predecessors when he hired an

predecessors when he hired an unabashedly pro-Israel staff. "I'm all for conferences," Bush said in a 2004 appearance with British Firmé Minister Tony Blair, "just so long as the conferences produce something," George H.W. Bush and his Secretary of State James Baker were seen as heroes by some Palestinians, Bill Clinton made the quest for Middle East peace a centerpiece of his legacy project. Bush aides say the times were different land.

then and the vaunted progress under Clinton turned out to be what one called "a false stability."

Does George W. Bush have dreams of presiding over a grand Middle East peace deal at Camp David or some other photogenic spot, like the Red Sea summit of his first term? Aides say he is content for now to take stens toward transforming the region in

content for now to take steps toward transforming the region in less obvious but, they believe, more fundamental and lasting ways. So Bush today is in the precarious position of putting his hopes in a region that has yielded only heartbreak. —With reporting to Scott Mackeodi Cairo



STEPPING II

earlier Administrations'
Middle East peace efforts,
Bush finds himself embroiled
in the region's problems

THE SLEEP YOU'VE BEEN DREAMING OF.

Lunes

LUNESTA" is all about: helping most people fall asleep quickly, and stay asleep all through the night. It's not only non-narcotic, it's approved for long-term use. So you can feel comfortable taking it night after night, Talk to your doctor first before using sleep aids for extended periods. Tonight, just close your eyes, and leave the rest to Lunesta. Find out how to improve your sleep habits at www.lunesta.com. Or call 1-800-Lunesta.

eight hours to devote to sleep before becoming active. Until you know how you'll react to prescription LUNESTA, you should not drive or operate machinery. Do not use alcohol while taking LUNESTA. Most sleep medicines carry some risk of dependency. Side effects may include unpleasant taste, headache, drowsiness and dizziness. See important patient information on the next page.



Please read this summary of information about LUNESTA before you talk to your doctor or start using LUNESTA. It is not meant to take the place of your doctor's instructions. If you have any questions about LUNESTA tablets, be sure to ask your doctor or pharmacist.

LUNESTA is used to treat different types of sleep problems, such as difficulty in failing asleep, difficulty in maintaining sleep during the inplift, and waking up too early in the morning. Most people with insomnia have more than one of these problems. You should take LUNESTA immediately before going to be decause of the risk of falling.

LUBESTA belongs to a group of medicines insours an "hypotocico," simply, seep medicines. There are many different sleep medicines available to help people sleep better resources in their transcent and intermedient. It susually resources here in insomms does not improve after 7 to 10 days of treatment, insomms does not improve after 7 to 10 days of treatment, every control, to could be a supply to the control, many require more prolonged use of sleep medicine. So many require more prolonged use of sleep medicine, and many require more prolonged use of sleep medicine, and without taking with your doctor about the risks and benefits of prolonged use.

Side Effects

All medicines have side effects. The most common side effects of sleep medicines are:

- Drowsines
- DizzinessLightheadedness
- Difficulty with coordination

Sleep medicines can make you sleepy during the day, How drowey you feel depends upon how you not you react to the medicine, which sleep medicine you are taking, and how tampe a dose you not or the spream of Lagrined provisions is best a noided by taking the lowest dose possible that will stall help you seleve a right. Your door will work with you to find the dose of LUNESTA that is best for you. Some people taking LUNESTA hat the proposed you was taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some people taking LUNESTA that is best for you. Some you want that the people taking LUNESTA that is best for you. Some you want that the people that the people taking LUNESTA that is best for you. Some you want that the people that the people taking that the people taking that the people taking the people taking that the people taking the people takin

- When you first start taking LUNESTA or any other sleep medicine, until you know whether the medicine will still have some effect on you the next day, use extreme care while doing anything that requires complete alertness, such as driving a car, operating machinery, or piloting an aircraft.
- Do not drink alcohol when you are taking LUNESTA or any sleep medicine. Alcohol can increase the side effects of LUNESTA or any other sleep medicine.
- Do not take any other medicines without asking your doctor first. This includes medicines you can buy without a prescription. Some medicines can cause drowsiness and are best avoided while taking LUNESTA.
 Always take the exact dose of LUNESTA prescribed by
 - Always take the exact dose of LUNESTA prescribed by your doctor. Never change your dose without talking to your doctor first

Special Concerns

There are some special problems that may occur while taking sleep medicines.

Memory Problems

Skep medicines may cause a special type of memory loss or "amenesia." When the course, a person may not remember what has happened for several hours after taking the medicine. This is usually not problem since most people fall saless the problem of the proper problem of the problem of the problem and the problem of the problem of the problem of the adulting an airplane flight and the person wakes up before the effect of the medicine is goot. This has been called "traveler's amessa." Memory problems have been studied in most case, and the problem is the problem have been studied in most case, memory problems have been studied in most case, memory problems can be wided if an studied in most case, memory problems can be wided in the problem of the problem in the problem is the problem in the problem in the problem in the problem is the problem in the problem is the problem in the pr you take LUNESTA only when you are able to get a full night of sleep before you need to be active again. Be sure to talk to your doctor if you think you are having memory problems.

Tolerance

When sleep medicines are used every night for more than a few weeks, they may be their effectiveness in helping you siete. This is known as "tolerance." Development of treatment to LUNESTA was not observed in a clinical study of 6 months' duration, Insonnais is often transient and intermittent, and protogol used of sleep medicines signerally not necessary. Some people, though, have chronic sleep members that me the company of the company of the protogological study of the company of the protogological study of the who will obtermine whether other measures are needed to vectoring your sleep problems.

Denandance

Sleep medicines can cause dependence in some people, especially when these medicines are used regularly for longer than a few weeks or at high doses. Dependence is the need to continue taking a medicine because stopping it is unpleasant.

When people develop dependence, stopping the medicine suddenly may cause unpleasant symptoms (see Withdrawal below). They may find they have to keep taking the medicine either at the prescribed dose or at increasing doses just to avoid withdrawal symptoms.

All people taking sleep medicines have some risk of becoming dependent on the medicine. However, people who have dependent on alcohol or other drugs in the past may have a endered to alcohol or other drugs in the past may have a possibility must be considered before using these medicines to possibility must be considered before using these medicines for more than a few weeks. If you have been addictions of alcohol or drugs in the past, it is important to tell your odoctor before starting LUMESTA or may sleep medicine.

Withdrawal

Withdrawal jumptoms may occur when steep medicines are stoped sudderly after being used ally of 7 ang firms. In some cases, these symptoms can occur even if the medicine has been used for only a week or Yus. In mild cases, withdrawal common states, withdrawal symptoms and muscle cramps, vomiting, sweating, states, and with a state of the sta

Another problem that may occur when sleep medicines are stopped is known as "rebound insomnia." This means that a person may have more trouble sleeping the first few nights after the medicine is stopped than before starting the medicine. If you should experience rebound insomnia, do not get discouraged. This problem usually goes away on its own after 1 or 2 piolists.

If you have been taking LUNESTA or any other sleep medicine for more than 1 or 2 weeks, do not stop taking it on your own. Always follow your doctor's directions.

Changes In Behavior And Thinking

Some people using sleep medicines have experienced unusual changes in their thinking and/or behavior. These effects are not common. However, they have included:

- More outgoing or aggressive behavior than normal
- Confusion
- Agitation
- Hallucinations
- Worsening of depression
 Suicidal thoughts

How often these effects occur depends on several factors, such as a person's general health, the use of other medicines, and which sleep medicine is being used. Clinical experience with LUNESTA suggests that it is rarely associated with these behavior changes.

It is also important to realize it is rarely clear whether these behavior changes are caused by the medicine, are caused by an illness, or have occurred on their own. In taxt, sleep problems that do not improve may be due to illnesses that were present before the medicine was used. If you or your family notice

any changes in your behavior, or if you have any unusual or disturbing thoughts, call your doctor immediately.

Pregnancy And Breastfeeding

Sleep medicines may cause sedation or other potential effects in the unborn baby when used during the last weeks of pregnancy. Be sure to tell your door if you are pregnant, if you are planning to become pregnant, or if you become pregnant while taking LUNESTA.

In addition, a very small amount of LUNESTA may be present in breast milk after use of the medication. The effects of very small amounts of LUNESTA on an infant are not known; therefore, as with all other prescription sleep medicines, it is recommended that you not take LUNESTA if you are breast-feeding a baby.

Safe Use Of Sleep Medicines

To ensure the safe and effective use of LUNESTA or any other sleep medicine, you should observe the following cautions:

1. LUNESTA is a prescription medicine and should be

- used ONLY as directed by your doctor. Follow your doctor's instructions about how to take, when to take, and how long to take LUNESTA.

 Never use LUNESTA or any other sleep medicine for
- Never use LUNESTA or any other sleep medicine for longer than directed by your doctor.
 If you notice any unusual and/or disturbing thoughts
- or behavior during treatment with LUNESTA or any other sleep medicine, contact your doctor. 4. Tell your doctor about any medicines you may be
- taking, including medicines you may buy without a prescription and herbal preparations. You should also tell your doctor if you drink alcohol. DO NOT use alcohol while taking LUNESTA or any other sleep medicine.

 5. Do not take LUNESTA unless you are able to get 8 or
- more hours of sleep before you must be active again.

 6. Do not increase the prescribed dose of LUNESTA or any other sleep medicine unless instructed by your doctor.

 7. When you first start taking LUNESTA or any other
- sleep medicine, until you know whether the medicine will still have some effect on you the next day, use extreme care while doing anything that requires complete alertness, such as driving a car, operating machinery, or piloting an aircraft.
- machinery, or piloting an aircraft.
 Be aware that you may have more sleeping problems the first night or two after stopping any sleep medicine.
- Be sure to tell your doctor if you are pregnant, if you are planning to become pregnant, if you become pregnant, or if you are breastfeeding a baby while taking LUNESTA.

 10. As with all prescription medicines, never share
- LUNESTA or any other sleep medicine with anyone else. Always store LUNESTA or any other sleep medicine in the original container and out of reach of children. 11. Be sure to tell your doctor if you suffer from depression.
- Be sure to tell your doctor if you suffer from depression.
 LUNESTA works very quickly. You should only take LUNESTA immediately before going to bed.
- For LUNESTA to work best, you should not take it with or immediately after a high-fat, heavy meal.
 Some people, such as older adults (i.e., ages 65 and
 - over) and people with liver disease, should start with the lower dose (1 mg) of LUNESTA. Your doctor may choose to start therapy at 2 mg. In general, adults under age 65 should be treated with 2 or 3 mg.
- Each tablet is a single dose; do not crush or break the tablet.

Note: This summary provides important information about LUNESTA. If you would like more information, ask your doctor or pharmacist to let you read the Prescribing Information and then discuss it with him or her.

Rx only



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Azadeh Moaveni

MEANWHILE, THE VIEW FROM INSIDE IRAN

Hizballah may be Tehran's client, but Iranians aren't buying the propaganda

ARVIN HEYDARI. AN IRANIAN MOTHER OF TWO, WAS FLIPPING back and forth between the nightly news and Oprah when bulletin on an Iranian state channel caught her attention. It urged Iranians to boycott what it called "Zionist products," including those made by Pepsi, Nestlé and Calvin Klein, and warned that profits from such products "are converted into bullets piercing the chests of Lebanese and Palestinian children." As evidence, the voice-over intoned, "Pepsi stands for

'pay each penny to

save Israel." Heydari says she changed the channel, as she has no intention of crossing Nestlé's Nesquik off her shopping list. "Lebanon has nothing to do with us," she says. "We should mind our own business and concentrate on policies that are good for our economy, and our kids." To many

observers in the Western world, Hizballah, the Lebanese guerrilla group battling Israel. is a mere puppet of Iran. Some are convinced that Hizballah triggered the crisis on Tehran's orders to divert world attention away from Iran's controversial nuclear plans. But client states are not necessarily as docile as one might think. Just as Israel sometimes takes actions that surprise (and even displease) the U.S., Hizballah does things Iran has neither ordered up nor necessarily approves of.

It's impossible to know the precise origins of the current crisis in Lebanon, but since it erupted two weeks ago, the mood in Tehran has swung

Khamenei. But the emotional support for Hizballah common throughout the Arab world is largely absent here.

Iranians like Hevdari believe that their country, ethnically and linguistically Persian, should stay out of the Arabs' fight with Israel and focus on improving living standards at home. "I don't think it's right to support them when our own people are hungry," says Mohammad Reza Afshari, 23, a mechanic who works two jobs vet still cannot afford to move out or attend college. The shop where he works abuts a vast mural depicting a female suicide bomber with a

is had news for the Iranian regime because it exacerbates the West's image of Tehran as a regional troublemaker. Rather than helpfully distracting attention from Iran. as many have charged, the conflict "undermines Iran's position," says a university professor close to senior Iranian officials

The thorny nuclear negotiations with the West are likely to become even trickier. The delay in efforts to enforce a cease-fire in Lebanon is inflaming divisions within the Iranian regime on how to respond to the U.S.-backed package of incentives offered to Tehran in June.

Before the crisis

erupted, the momentum seemed to favor advocates of a pragmatic, positive response. But now the radicals are using the U.S.-backed Israeli campaign in Lebanon to push their case for a tough line. As an adviser to a senior conservative avatullah puts it, "This has strengthened the hand of those who argue, 'If this happened to us, the only thing that would save us is a nuclear deterrent."

In the low-rent neighborhood of Tehran Pars, patrons at a café talk of how to balance faith with the politics of aiding Islamic militant groups. Mehdi Sedaghat, 27, a clothing-store clerk, speaks between bites of his bologna sandwich. "It's our religious duty to aid Muslims who are being killed," says Sedaghat, whose car bears a sticker on the rear window that reads INSURED BY IMAM REZA (Shi'ite Islam's revered figure). "But reality is reality, and we can't afford it." He quotes a Persian proverb: "If the lantern is needed at home, donating it to the mosque is haram

[forbidden]."



A LAND APART

Although Tehran sponsors Hizballah, Iranians generally are not concerned about war in Lebanon. Above, women ride the Tehran subway

between indifference-the fighting rarely makes the headlines-and resentment over Iran's longstanding sponsorship of Hizballah. True, there have been officially sponsored rallies declaring support for Hizballah, whose leaders pledge religious allegiance to Iran's Supreme Leader, Avatullah Ali

baby in her arms, accompanied by the words I LOVE MOTHER-HOOD, BUT I LOVE MARTYRDOM MORE Frustration with such propaganda underpins young people's reactions to the conflict. "Where are the Arabs?" asks Afshari angrily. "They're sitting around, while we're risking our position in the world.

It's not only ordinary Iranians who are worried about what the Middle East explosion means for Iran. Even as state infomercials order Iranians to boycott soft drinks, officials in Tehranpragmatists and conservatives alike-concur that the conflict

WHAT WAS HE THINKING?

Israel's Olmert may have misjudged Hizballah, but he's digging in for a fight. The outcome will determine both his future and the prospects for Middle East peace. By Lisa Beyer/Jerusalem

JUST DAYS AFTER LAUNCHING ISRAEL'S VIOLENT OFFENSIVE IN Lebanon, Prime Minister Ehud Olmert took time off to share a leisurely weekend lunch with a few old friends. With helicopters buzzing overhead on their way to and from the front, the group sat on the patio of an elegant private home, eating tomato soup, egg noodles and steak. What struck one participant was Olmert's inner calm,

the confidence he has exuded as he leads Israel through its biggest crisis in years. "You could see the intensity in his body language," says the friend. "But he was not nervous. You could see that he feels he's the right guy to deal with the situation—that he has found his way."

But the way is not at all clear. Israel's untested Prime Minister was dealt a formidable challenge two weeks ago when fighters for Hizballah, the Lebanese Islamist group, crossed the border and kidnapped two Israeli soldiers. Olmert responded ferociously, authorizing air attacks and limited ground incursions aimed not just at punishing Hizballah but also at reshaping Israel's neighborhood. It's an enormous gamble and one that could well determine Olmert's political fate and the peace prospects of the area. If he succeeds, by neutralizing Hizballah and convincing Israel's enemies, at least for a while, that it's not worth picking a fight, Israel could win a greater sense of security, while its patron, the U.S., could point to Israel's experience as proof that standing up to militant Islamists pays off. But as the fighting escalates beyond what Olmert's government once imagined, the odds against him have grown. If the battle ends with less than a demonstrable victory for Israel-an outcome he has insisted is unsatisfactory-then Hizballah and its backers

Syria and Iran would declare a moral victory just as the U.S. is trying to curtail the influence of both radical states and as American power is being tested in Iraq.

Elected Prime Minister in March in the wake of his predecessor Ariel Sharon's debilitating stroke, Olmert, 60, did not expect to define himself in this way-through the most dramatic outbreak of cross-border Arab-Israeli violence since the 1982 invasion of Lebanon. Voters brought him to power not as the man best equipped to fight Israel's enemies but as one explicitly committed to disengaging from Israel's foes, to walling them off by establishing borders demarcated by an imposing fence. Hizballah's incursion into Israel two weeks ago, in which eight soldiers were killed in addition to the two taken hostage, on the heels of the kidnapping of an Israeli corporal by the Palestinian militant group Hamas, reset Olmert's agenda, "If the Bush presidency was defined by 9/11, for Olmert it came a little quicker," says Daniel Seaman, director of Israel's government press office. "His political stature is being defined now." And so far, he is gaining. In a poll published at the end of last week in the newspaper Ma'ariv, 95% of those surveyed supported the government's actions in Lebanon; 78% said they were satisfied with Olmert's performance, compared with 43% before the Lebanon flare-up.





As the conflict continues, however, that support will be tested. Having found air raids insufficient, the military has begun sending ground troops on limited incursions into southern Lebanon. Israel has called up three battalions of reservists in addition to three that had been called to duty earlier. As tanks and armored personnel carriers massed on the border, the Israelis insisted they had no intention of reoccupying Lebanon, but many feared they could wind up there again. This is how it starts, "said a former government official, referring to the in-and-out raids authorized so far

Throughout the crisis, Olmert has displayed a characteristic decisiveness. "In his meetings, everyone has a limited time to talk," says a senior aide to an Israeli government minister. "Then he makes decisions quickly. He's a fast thinker and not hesitant—

HIS FIRST TEST

Olmert lacks the military credentials of some other Israeli leaders. But a surprisingly aggressive response from Hizballah to Israel's early air attacks prompted a ferocious escalation

for better and worse." When Hizballah took the soldiers hostage, Olmert faced a challenge. He could have opted for a limited response: in 2000, after all, five months after Israel pulled its troops out of southern Lebanon following an 18-year occupation. Hizballah kidnapped three Israeli soldiers, and Israel declined to retaliate, choosing calm over escalation and, eventually, opting for negotiations that resulted in an exchange of the three soldiers' bodies for prisoners held by Israel. Yet this time Olmert reacted by declaring the hostage taking an "act of war," and Israel responded in kind. Within 24 hours. Israel conducted some 1.000 air missions over Lebanon-a number on par with the first day of the full-fledged war of 1982, when Israel moved to oust Yasser Arafat's Palestine Liberation Organization. which had been using Lebanon as a staging ground for attacks on Israel.

For Israel the latest hostage taking also represented an opportunity. For almost six years since Israel had quit southern Lehanon, the Israelis watched Hizballah build fortifications along the border and stockpile rockets and missiles. Of late, Hizballah's charismatic leader, Hasan Nasrallah, had explicitly threatened to kidnap Israeli soldiers, and Jerusalem believes it thwarted at least two attempts by his fighters to do just that. Army brass had urged the political leader.



ship to respond with precisely the kind of campaign Olmert has initiated, and Israeli forces practiced just such an operation in a tabletop exercise as recently as two months ago. After the soldiers' kidnapping, Olmert, according to one of his ministers, presented his Cabinet with the military's plans and after a discussion said he was approving the action. The Cabinet unanimously backed him: it was time to hit back, hard. The goal was not just to roll back Hizballah but to show that Israel is willing to fight. It was a message meant to dissuade adversaries from harassment and was aimed at Hizballah; at Hamas. which, in addition to kidnapping the corporal, has launched homemade rockets from Gaza into Israel: and at Iran, which sponsors Hizballah and supports Hamas and whose President has called for Israel's destruction.

That Israel no longer occupied any part of Lebanon gave Olmert's government credibility with much of the world as it responded to Hizballah's incursion, at least in the beginning. Israel's withdrawal of the last of its settlers and soldiers from the Gaza Strip a year ago added to the store of global goodwill that Israel started out with. Plus Olmert calculated that he could count on the support, if not

the applause, of President Bush, who since 9/11 has strongly backed Israel. Some Anab countries—Saudi Arabia, Egypt, Jordaneven took the unusual step of criticizing Hizballah; their regimes also face Islamist threats and would prefer to see forces like Hamas and Hizballah (and Iran) suppressed.

Olmert's actions have followed a certain logic of Israeli politics. A weak response to the kidnappings could have given his political opponents a handy cudgel with which to pound him. Olmert was particularly vulnerable because of his lack of security credentials-in a country that often entrusts high political office to its war heroes. During his compulsory military service, Private Olmert found glory as a mere reporter for the army's radio and journal. (At age 35, seven years into his career as a member of the Knesset, he enrolled in an officer-training course, emerging as a second lieutenant and polishing his political résumé.) Not that Olmert seems fazed by his past; he is outwardly macho and even arrogant. "He is not afraid to confront anyone, to make his place in history," says an aide to a Cabinet minister.

The current struggle could well deter-

PRESSING ONWARD

Israeli tanks crossed into Lebanon late last week as part of a limited ground incursion intended to root out rocketlaunching facilities. As part of the effort, Israel took hold of the southern Lebanese village of Maroun al-Ras

mine how kindly history treats Olmert. He has taken Isnel into an unplanned war, and there is always the risk his venture could fail. "For Olmert to sustain the trust the Isnell public has in him, he is going to have to produce," says Aaron David Miller, a scholar at the Woodrow Wilson Center in Washington who has advised six U.S. Secretaries of State. "It reminds me of the guy jumping out of a 15th-floor window, and at the 8th floor someone asis," How are you doing? and the guy says, So fars, good."

Olmert's fall is certainly steeper than he anticipated when he took the dive. The Israelis calculated that their campaign, which has included strikes on not just Hizballah targets but also Lebanese roads, bridges and runways as well as a naval blockade—plus

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the explicit threat of worse to come-would cow Hizballah. In addition to maintaining a militia, the group functions as a political party and has a representative in the Lebanese Cabinet. Hizballah represents the traditionally downtrodden Shi'ites of Lebanon, who live mostly in the south and the Dahiya suburb of Beirut, areas Israel has hit hard. The bombardment has driven an estimated half a million Lebanese from their homes; many will have only rubble to return to. The strikes on infrastructure are meant not only to prevent Syria and Iran from resupplying Hizballah with rockets and launchers but also to warn Lebanon that Jerusalem can set back the country's restoration even further if it chooses. Of the estimated 300 who have died so far in Lebanon, most have been civilians. For its part, Hizballah was taken aback by Israel's ferocity. In a TV interview last week, Nasrallah lamented, "Tell me about a war that was waged against a state because of two soldiers. This has never happened in history. Nor has Israel done it anytime before."

But to Israel's surprise, instead of looking for a way out, Hizballah Junched an escalation of its own, shooting longer-range missiles than it had ever used, forcing the 1 million Israelis in the north of the countrya sixth of the nation's population—into bomb shelters and paralyzing that region's economy, Jerusalem believes Hizballah is serving Iran's interests, perhaps to detract attention from Tehran's controversial nuclear program. Says Avi Diether, Israel's Minister of Public Security: "We thought Hizballah would not sacrifice Lebanon on the Iranian altar. They did it very clearly, and it was contrary to Israel's assessments."

In other words, the escalating war is a result of two sets of miscalculations. Each side underestimated the other's fierceness and willingness to fight. So now the Israelis are stuck with a war on a scale they didn't plan for, and without an exit strategy. Hizballah is in a similar bind. At first, the Israelis spoke vaguely about the need to degrade Hizballah before ending their campaign. But as the battle escalated, so did Israel's expressed goals. Officials last week were demanding implementation of U.N. Resolution 1559, passed after Israel's 2000 pullout, which calls for disarming Hizballah and deploying the Lebanese army in the south, where Hizballah now rules unimpeded. The Lebanese government and army, however, are too weak to take on Hizballah and its patrons, including Syria, a country that long dominated and still influences Lebanon. Israel hopes third parties-the U.S., European powers, Turkey, perhaps Egypt-will help Lebanon



THE HUMAN TOLL

The family and friends of Yonatan Hadassi grieved at the 21-year-old soldier's funeral last week in Kibbutz Merhavia, near Afula. Hadassi was killed in an exchange of fire with Hizballah fighters on the border of Lehanon

defang Hizballah by sending peacekeeping troops to the southern part of the country.

Meanwhile, the war continues. The Israelis announced early on that they hoped to assassinate Nasrallah, whom they credit as a clever and potent adversary. Israeli forces last week dropped 23 tons of bombs on a bunker in Beirut where they believed he was hiding. Nasrallah appeared later in the taped TV interview, disappointing Israeli officials, who said they were still after him. Nasrallah's death would bring Jerusalem a huge symbolic victory. But Israel may eventually regret raising expectations that it will get him. (Ask George Bush about the wisdom of calling for Osama bin Laden's head.) "If Nasrallah is alive at the end of this and gives one of his speeches, it cannot look like an Israeli victory," says Eti Livni, a former Knesset member and close friend of Olmert's.

The Israelis have begun enforcing a rule that anyone in Lebanon within a kidometer of the border will be considered an enemy. They have sent buildoors across the border to clear away trees, boulders, bunkers and other structures that impede their view into this swath of territory. Maintaining such a buffer zone will theoretically prevent Hizbullah from returning to its postions along the frontier, shooting small arms across it, kidnapping more soldiers and easily gathering intelligence on Israeli army movements. But it won't stop the militia from firing rockets from deeper inside Lebanon, Israeli forces have concentrated on tracking and eliminating Hizballah's rocket launchers, but with limited results. Many are hidden in bunkers that Israeli pilots can't find, which is largely why the infantry was sent in. While ground troops searched for launchers last week, Israeli intelligence pored over all the aerial photos of Lebanon taken by Israeli drones over the past six years, looking for evidence of bunker building so that pilots or ground troops could take out the rocket launchers likely held within. The idea is to weaken Hizballah as much as possible before a cease-fire takes hold and, more urgently, to stop Hizballah's rocketing of Israeli towns, which by the end of last week had taken 15 lives, on top of the 19 soldiers who have died in the conflict. Olmert knows that the longer Israel's north is crippled by rocket fire, the more the public is likely to question whether his onslaught was well calculated.

Such questioning could, in turn, prompt Olmer to conclude he needs to sustain the fight until he can end it in a way that clearly rewards his gamble. "Israel must emerge from this war as a winner, or else the war wrill continue," says Deputy Prime Minister Shimon Peres. That's an equation that could make for a conflict even longer and nastier than the one that has already surpassed either party's bellicose ambitions. —With reporting by Aarol. Nein/Tel Avi, Tim McGirk and Phil Zabriskie/Jerusalem and Mark Thompson/Washington.

HIZBALLAH NATION

How the Lebanese militants morphed from guerrilla group to political party and then set off the confrontation that has the world on edge By Christopher Allbritton/Beirut and

Nicholas Blanford/Tyre

NERVOUSLY EYEING THE SKIES FOR ISRAELI WARPLANES. Hussein Naboulsi, a spokesman for Hizballah, took quick strides as he accompanied foreign journalists through the bombed-out neighborhoods of Beirut's southern suburbs. "Listen to me!" he shouted. "We have to move very fast!" He paused amid the devastation to point out the pulverized office blocks in the Harat Hreik district

where Hizballah's headquarters had stood only a week earlier. "Now I have no place to work," said Naboulsi, the son of a prominent Shi'ite Muslim cleric.

But the primary work Hizballah does these days is not in office buildings but on the battlefield, and despite an Israeli onslaught that has targeted the group's top brass and top guns, the organization has proved more resilient than many expected. Across southern Lebanon, Hizballah fighters have manned batteries firing as many as 350 rockets a day at Israeli cities and towns, from an arsenal estimated at 13,000 projectiles. At least 100 of the more than 900 missiles fired at Israel have hit Haifa. the nation's third-largest city, while one radar-guided antiship missile (the C-802). a gift to Hizballah from its Iranian sponsors, struck an Israeli gunboat off the coast of Lebanon, Other Hizballah militants, operating in bands of as many as 50 fighters. have battled Israeli troops at close range, knocking out tanks and even crossing into the Israeli town of Metulla.

After several days of fighting, the familiar assumption that Israel could militarily crush any enemy in the region seemed less certain. Could Hizballah survive the onslaught and remain a potent force in the region? Operating from caves or fortified bunkers are some 600 active-duty Hizballah members joined by many more of the several thousand reserves from around the country ready to fight. A military source in Lebanon told TIME that the fighters are apparently communicating via encrypted short-burst-transmission sets to overcome Israeli jamming and eavesdropping capabilities, enabling Hizballah to maintain an effective chain of command. In the Dahiya. the Shi'ite suburbs of Beirut, Hizballah gunmen wearing vests jammed with ammunition patrol the streets. When not engaged in conflict, they assist some of the 500,000 refugees in Lebanon displaced by the fighting and Israel's bombs.

Having triggered the conflict by capturing two soldiers inside Israel, Hizballah conference to outline his terms for a prisoner swap: the soldiers would be returned for Lebanese and Palestinian prisoners in Israel, But Israel answered by bombing the runways at Beirut's international airport. Hizballah then began raining rockets on northern Israel. Although Nasrallah went into hiding along with other Hizballah leaders, he continues to issue statements, telling al-Jazeera TV, for example, that he was not harmed by what Israeli officials described as a 23-ton bomb attack on a suspected Hizballah leadership meeting, Such

is functioning not just as a state within a state but almost as the state itself. Hizballah leader Hassan Nasrallah initially held a press **Hizballah is functioning not** just as a state within a state but almost as the state itself



is the brawado of the Islamic fundamentalist leader, who is hailed throughout the Arab world for fighting Israel while other Arab leaders is on their hands. He gets credit not only for standing up to Israel injust now but also for leading a guerrilla war that was widely seen as driving Israeli forces out of Lebanon in 2000 after a 22-year occupation. Becoming resistance heroes helped Hizballah overcome a dodgy ast; it is believed to have launched violent attacks during the 1950s ranging from the kidnapping of Americans in Beiru to the bombing of a U.S. Marine barracks in Lebanon.

Despite its record of violence, Hizballah enjoys broad appeal among Lebanese. It has morphed into a political party—winning 14 seats in Lebanon's 128-member Parliament in May 2005—and operates an effective social-welfare organization. Hizballah runs

BLACK AND BLUE

The wreckage of a downed Israeli jet that was targeting Hizballah trucks billows smoke behind a Hizballah gunman in Kfar Chima, near Beirut. Jet fuel set the surrounding area ablaze

hospitals and schools throughout downtrodden Shi'te distriets. In the kidhapping gambit, however, Hizballah's normally cautious leaders may have overreached. Some Lebanese political insiders speculate that either the group misjudged the probable Israeli response or Iran or Syria ordered Hizballah to deliberately provoles Israel. "They are a tool in the hands of the Syrian regime and for Iran's regional ambitions," says Waild Jumblatt, veteran leader of Lebanoris Druge community. Iran created Hizballah in 1982 in response to Israel's invasion of Lebanon that year. A Lebanese official told TIME that Iran recently doubled its cash infusions to Hizballah, to about \$300 million a year.

Lebanon's various factions have united against Israel's onslaught, and Hizballah can still count on broad support. But many citizens are angry at Hizballah for taking it upon itself to initiate a new conflict with Israel. Some politicians say privately that when the dust settles from the fighting, Hizballah should be held to account and disarmed. That's assuming Hizballah continues to survive Israel's blitz in some recognizable form. As Naboulsi, the spokesman, made his way through the rubble of Harat Hreik, a security man with a walkie-talkie suddenly shouted, "Evacuate! Evacuate!" Naboulsi started running down the street: the Israelis, he said, were coming back.



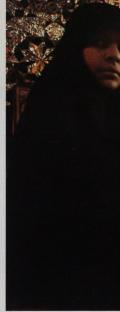
HIZBALLA Granted unprecedented access to the militant group, photographer Alexandra Avakian captured these intimate portraits of the men, women and children caught up in the struggle with Israel

THE WAY OUT



ALEXANDRA AVAKIAN MADE THREE TRIPS TO LEBANON IN 2005, WITH the daunting ambition of getting closer to Hizballah than any Western photojournalist before her. She expected to be assigned an escort, but none was necessary. "Party discipline is so tight, no one was going to reveal any secrets," says Avakian. "Members have to report on all the contacts they have with outsiders." She was allowed to see each of her subjects only once, and she was stopped a few times. "Out of nowhere a security agent appeared on a motorcycle," she recalls. "One time my digital camera was taken and photos deleted." Even so, she found her subjects to be gracious and accommodating, often permitting a 15-min, session to stretch into 12 hours. One man she met was a former guerrilla who had lost an arm, a leg and part of his sight in a firefight with Israeli soldiers; his brother died as well. "I lay there for four hours," he recalled. "When I felt I would be martyred, I felt true happiness. I have never felt that again in my life." -By Lev Grossman and Barbara Maddux

FORWARD MARCH ▲ Hizballah membersreservists, not active militaryparade through the streets of Beirut on Jerusalem Day. a holiday created by Ayatullah Khomeini in 1979 in support of the Palestinian cause. They march without weapons



RITE OF PASSAGE

◀ The boys in blue jackets, 15 and 16 years old, are members of al-Mahdi scouts, a Hizballah youth somewhat like the **Boy Scouts, As** leaders of their village troops, they spent 10 days by the sea a mile north of the Israeli border, learning camping and survival skills Here they were asked to create art

projects; the boys made a Star of David out of stones so that anyone entering their tent would have to step on it. "The scout leader saw me taking a picture and sighed," Avakian says, "but he didn't stop me"







OPEN HOUSE

■ Visitors await an audience with Hizhallah M.P. Hussein Haji Hassan the home in a willage near Baalbek. It's a traditional diwan, at which anyone can come to chat and spend time with a representative. The children play with new toys given for Eid ul-Fitr, the Islamic holiday celebrating the end of Ramadan

SACRED

The wives and daughters of party members pray at a Hizballah mosque in Baalbek. The occasion is the birthday of Ali, sonin-law of the Prophet Muhammad—a day when it is thought that prayers receive extra consideration







The former whiz kid of the Christian Coalition couldn't rally his base under the shadow of Jack Abramoff

By JAMES CARNEY



Reed appeared on the cover at the age of 33

IN CONSIDERING THE COLlapse of Ralph Reed's political dreams, it's tempting to conjure up biblical parables about Jesus instructing his followers in humility by suggesting they go "sit in the lowest place"—or of pride going before a fall. Reed was the preternative.

rally boyish spear carrier for the religious right, the brash Evangelical who transformed the Christian Coalition into a populist power center, then helped usher Republicans into control of Congress and George W. Bush into the presidency. The next step was launching his own political career in his native Georgia: Reed would be elected Lieutenant Governor this November, then Governor four years hence, After that, his friends said, the White House would be within reach. The young man who at 33 graced TIME's cover in 1995 as "The Right Hand of God" might appear there again, perhaps a decade from now, taking the oath of office on the steps of the U.S. Capitol.

Instead, there was Reed, just 45 but with crow's feet carevel gently into his temples, offering a meager group of supporters a curt concession speech in a hotel baltroom in buckhead last week. He had lost the primary to all little-known states enter a house of the state of the

In the week before the primary, as his campaign's internal polls showed the race a dead heat and a published survey gave him a 4-point lead, Reed was assuring friends he would pull out a victory by doing what he

The problem for Reed was that the Abramoff scandal

Reed lost the Georgia G.O.P. orimary with 14% of the vote

simply showed him less as a G

had always done better than anyone elseturn out the vote by pinpointing with exterme efficiency the religious conservatives. I do guerrilla warfare," Reed once boasted to a reporter, describing how he ambushed his enemies as a political operative. I paint my face and travel at night. You don't know it's over until you're in a body bag." So imagine everyone's surprise, in Washington and Atlanta, when the results came in on primary night and suddenly it was Reed's body that was in the bag.

"I'm proud of the campaign we ran," Reed, weary but ever positive, told TIME. "I'm glad we did it." He didn't want to talk

about why he lost, but those who know him say he blames the media-particularly the Atlanta Journal-Constitution-for their extensive coverage of his business ties to Abramoff, his friend from their days running the College Republicans in the early 1980s. For a high-profile religious conservative like Reed, the stories of being paid millions by one Indian tribe to run a religious-based antigambling campaign to prevent another tribe from opening a rival casino made him look like something worse than a criminal-a hypocrite. He had once called gambling a "cancer" on the body politic. And the e-mails to Abramoff didn't help, especially those that seemed to suggest that the

man who had deplored in print Washington's system of "honest graft" was eager to be part of it. "I need to start humping in corporate accounts!" he wrote Abramoff a few days after the 1998 election.

To Reed, it sometimes appeared, Christian voters were pawns in a game of power swapping. The Journal-Constitution reported that the man who had once condemned China for its one-child policy and its persecution of Christians had created a "grassroots" Christian group to lobby for freer trade with the superpower-an effort quietly financed by major U.S. corporations like Boeing that were the Georgian's true clients. The profits Reed collected from such dealings were not, by any indication, the wages of illegal behavior. But to some they were the wages of sin. "He got nailed for being a phony," says a fellow G.O.P. operative in Washington, with more than a little schadenfreude.

In Reed's defeat, Democrats see reason

to hope that their message about the G.O.18. "culture of corruption" is helping them toward their goal of taking back Congress in November. But that's wishful thinking, With the exception of those few candidates tied directly to Abramoff-Representative Bob Ney in Ohlo and Senator Conrad Burns in Montana—it's unlikely that many Republicans will lose their seats over an issue Americans rank low on their list of concress. If corruption were driving voters to the polls, Democrats should have won—or at least performed better in—the special election to fill the California House seat vacated by Duke Cumnincham. He Repub-



ST. ANDREWS, SCOTLAND, '02 From left: Abramoff, unidentified man, Reed, David Safavian (convicted of lying about his ties to Abramoff) and Ney

lican jailed for taking bribes. But the Republican candidate won by 5 percentage points.

Matt Towery, a former aide to Newst (Gingrich who is now an independent poll-ster and commentator, sees reasons for the Go.N to be worried that have nothing to do with Abramoff. "The party has misjudged the public's mood. Between the flag and gay marriage, we're running a faith and family-values campaign in a year when the public wants to deal with immigration, tax reform and energy costs," Towery sass. But Cagle was nearly identical to Reed on the issues. Both presented themselves as religious conservatives, and both were endorsed by Georgia Right to Life. The problem Georgia Right to Life. The problem Reed was that the Abramoff sended simply

showed him less as a Christian leader who, with tie flying and fists clenched, once led a march of young conservatives through Washington to protest the Soviet downing of a Korean artiliner and more as an operative with a taste for playing rough and eashing in. He was still the Navy brat, scrawny and smart, that his mother described to PEOPLE magazine in 1995: "[Ralph]) was a wheeler-dealer," she said. "He always wanted to have the upper hand."

It was a reputation he only halfheartedly tried to knock down. He reveled in the dichotomy of talking about using guerrilla tactics—of garroting his opponents and

> leaving them to die, "raking in the dough" and blitzing the other side with negative ads-to advance pro-family candidates and agendas. Whenever he identified someone who understood the dark side of politics. Reed would say approvingly, "He gets the joke." It's what drew political reporters to Reed: we appreciated him in the same way we do James Carville and Harold Ickes on the Democratic side, or Lee Atwater and the reigning master, Karl Rove, on the Republican side. They're crass, sometimes ruthless and occasionally willing to stretch or even break a principle in order to win. Their redeeming quality is that most of them know they don't have what it takes to be the candi-

dates themselves. And that might have been Reed's mistake.

Reed used to blame liberals and secu-

Reed used to blame liberals and secularized politicians for treating religious conservatives as uneducated, gullible and easy to lead. He proved that religious voters were a potent force that shouldn't be ignored or condescended to. "People of faith," he once wrote, had become the new "Amos and Andy," and he was determined to push to the center of American politics their "cluster of pro-family issues" so they could attract "a majority of voters." But Reed forgot his own lessons. In the face of incredibly damning evidence, he insisted that he hadn't done anything wrong and that he didn't know he was consorting with a friend nicknamed Casino lack or taking money from gambling interests. He thought he could convince his base that they shouldn't believe their eyes and ears, that they should trust him instead. In the end, not enough did. -With reporting by Greg Fulton/Atlanta

ian leader ... and more as an operative with a taste for playing rough and cashing in

Gentle Ben INSIDE THE HEAD OF THE FED

The man who holds the reins of the economy likes to listen. Now hear what he has in mind

By BARBARA KIVIAT

T'S NOT ALWAYS EASY TO LISTEN TO Senators bloviating. Yet last week Ben Bernanke, the mild-mannered economist who is approaching his six-month mark as chairman of the Federal Reserve Board, looked as focused as a patient parent listening to a child. Tom Carper, a Senator from Delaware, took note of Bernanke's attentiveness. One departed Cabinet secretary, Carper said, used to appear before Congress and "sit there with papers spread all around him and read this and that." Not Bernanke. "You listen to everyone," Carper said in amazement. And so Carper couldn't help bringing up the obvious question: "What do you actually think about when we give our opening statements?"

Inflation, Senator. And growth rates, And the current account deficit, And inflation. And maybe what's for lunch, When he took over the Fed from Alan Greenspan on Feb. 1, Bernanke became the man portuped as having his hand on the controls of the U.S., economy. If prices rise rapidly or the economy solws, Bernanke gets blamed. If the economy continues to grow at a health vdip, he's celebrated.

Theoretically, the Fed chairman isn't all-powerful, whether to raise or lower taxes, for example, isn't up to him. But partly because interest rates, which the Fed does control, fundamentally affect the way consumers and businesses spend money and partly because Greenspan soldified the standing of Fed chairman is a demigod, every thought that Bernanke utters is treated as Delphic. "The U.S. economy appears to be in a period of transition," he told Congress, with the robust growth of the past three years moderating, which in turn should help keep in-

flation in check. The stock market rallied, anticipating an end—if not in August, then perhaps in September—to the two-year cycle of interest-rate rises.

The economy isn't the only thing in transition. The Ped issel is feeling the Bernanke effect. You could take that opening scene of Bernanke carefully considering each Senator's words as a leading indicator that a shift is afoot on Constitution Avenue, telestening, mulling, debating, airing opinions of all stripes—these are hallmarks of Bernanke, honed during his years as an academic economist, first at Stanford, then at Princeton, and that style is spilling over into the way economists at the Fed communicate as they forge the nation's monetary policy. More brainstorming, apparently, means more clarity.

That new approach was on display in the Senate as Bernanke answered questions with a level of precision unknown during Greenspan's 18-year tenure. Greenspan had become famous for long, convoluted answers that could stop time but only rarely "irrational exubernoe" nuffled the markets. Asked about the nation's blooming deficit, Bernanke answered crystal clearly. "Deficits matter because they represent additions to debt that our children and grandchildren will either have to pay through higher taxes or reduced services." Bernankes wit also made a guest supperannee. When Maryland

Senator Paul Sarbanes asked Bernanke whether rising rents and their impact on the weakening housing market would make him think "one and a half times" about raising interest rates, Bernanke responded, "No, I'll think twice, Senator."

The shift is about more than communication and punch lines. What's really at stake is a plan to make the Fed a more transparent and accessible institution. When Bermanke first showed up at the Fed as a governor in 2002, he started eating in the cafeteria, much to the surprise of

GREENSPAM VS. BENSPEAK

Alan Greenspan once quipped that if he seemed clear, you must have misunderstood him. The new Fed chairman, Ben Bernanke, has a different take, as excerpts from testimony before Congress show.

Compiled by Lisa Bergtraum and Charles Lampach









ON INFLATION

"Inflation is ultimately determined by the provision of liquidity to the economy by the central bank. And except through its effect on inflation, monetary policy has little long-term influence on the growth of capital and the labor force or the increase in productivity, which together determine long-run economic growth."

"When inflation is kept low and stable and expectations are kept low and stable, then the economy will be more stable, and more growth will be possible."

ON JOBS

"There seems to have been a remarkable lack of anticipatory aggressiveness towards a change in economic activity, which usually one associates with people building new plant, hiring new workers in anticipation of changes that are occurring."

"I think that middle-income living standards and poverty, for that matter, are best addressed through strong, stable employment growth."

ON ENERGY

"We do see significant reductions in production in certain very specific high-gas-using areas, but aside from the switches that we've seen from gas to residual fuel oil or coal, where those exchanges are possible, you don't see all that much direct economic impact except in households."

"The increase in energy prices is clearly making the economy worse off, both in terms of real activity and in terms of inflation."

ON CHINA

"Contrary to engaging them in less commercial activities, I think it's very much to our advantage to significantly increase involving them in free trade, open-market economics and basically the type of dynamics which raise standards of living."

"I don't think that the Chinese ownership of U.S. assets is so large as to put our country at risk economically." younger economists, who weren't used to governors joining them for lunch and talking shop. When he returned as chairman in February after an eight-month stint as head of the President's Council of Economic Advisers. he resumed his lunchtime habits, not locking himself away in the Fed's private dining rooms. He plays pickup basketball at the Fed gym, posted his minivan for sale on the Fed's electronic bulletin board and showed up at the Fed's July 4 barbecue with his wife, who teaches Spanish, and one of his two children, home from college for the summer.

Bernanke grew up in a small South Carolina town, where his father was a pharmacist and his mother a teacher, an upbringing that still reminds him of the people behind the statistics he pores over daily. "It gave me a different perspective," Bernanke told a local newspaper in 2004.

On the policy front, Bernanke is trying to quicken the long, slow march of frankness at the Fed. Before 1994, the Fed didn't even announce when it was moving interest rates. Bernanke has set up a subcommittee to look at ways the Fed can talk more substantively with investors and the public, and last week he put the Fed forecast-which predicts that real GDP will increase about 3.25% this year and next-at the center of his testimony, a move designed to help people better understand where things are headed. Bernanke is a proponent of explicitly stating the Fed's goals for inflation, in order to anchor expectations so that fear of inflation doesn't become a self-fulfilling prophecy. Bluntness is of limited value in Washing-

ton, however, as Bernanke quickly found out. His cards-on-the-table approach has roiled markets more than once. In April he told Congress that the Fed might pause its interest-rate hikes, a comment that helped send the stock market soaring, since higher rates siphon money away from equities. A few days later, he commented to a reporter that his remarks had been misinterpreted-

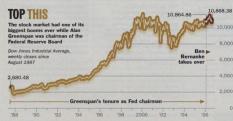
and she repeated that on air. The market took a dive.

Even though Bernanke is hardly the first Fed chairman to set markets atwitter. he has become slightly more judicious in his remarks. (He has since admitted that his comment to the reporter was a mistake.) And the markets have begun to adapt to the new voice of the Fed-a voice that conveys innuendo and is clear about how unclear the economy can be. As it is now, "He's going to say what he means," says David Wyss, chief economist at Standard & Poor's. "And we have to get used to it."

The greatest drag so far on Bernanke's effort to be more straightforward may be the economy itself. No one, including the Fed, seems to know quite where we are in the interest-rate cycle. The prices of oil and other commodities have gone through the roof, and consumer prices continue to creep upward a bit more than economists would expect, yet the housing market is downshifting and paychecks are relatively constant.

The data aren't helping. Bernanke looks at about 25 sets of data a day, and often they are at odds with one another. While Greenspan had a penchant for obscure statistics. like the production of No. 5 trucks, Bernanke sticks closer to mainstream data. "I never knew what a No. 5 truck was," says Alan Blinder, a former Fed vice chairman and a professor at Princeton. "Bernanke probably doesn't either." The minutes from the May meeting of the Fed committee that sets rates showed that opinions ranged from doing nothing to raising rates 0.5%. The Fed raised rates 0.25% for a then 16th straight time. "You're much better off knowing what the controversies are than operating in ignorance," Bernanke said in a 2004 interview with the Minneapolis Fed. With his push for more candor and exchange, the expression of those controversies is sure only to grow, especially as the Fed attempts to steer the economy toward a soft landing.

-With reporting by Adam Zagorin/Washington





THEN

"Physical stores have been tried by a number of our competitors, and generally-actually, I would say universally—that strategy hasn't panned out." Michael Dell, on CNBC in 2001

DELL GOE

The company is opening mall locations to restore its lagging sales

By TA-NEHISI PAUL COATES

HIS WEEK SHOPPERS IN A DALLAS mall will bear witness to an oddity. For more than a decade, Dell has posted double-digit growth by selling computers directly to customers, most of them corporate clients. But two unfriendly trends have driven Dell to sell its wares at a place where chairman Michael Dell swore he would never be caught dead: a Dell retail store.

The first trend is the ever popular commingling of computing and entertainment in your living room. Yet Dell lives at the office. "We're seeing more and more of our technology intersecting with home entertainment," says Ro Parra, a senior vice president of Dell's home and small-business group. To entice gamesters and movie watchers. Dell has unveiled new models in its multimedia XPS line. The units range from a \$3,500 desktop-notebook hybrid with a 20-in. screen and a remote, to a \$2,270 gaming desktop with a swanky scarletand-grav exterior and high-end specs. Its purchase of Alienware, a leading seller of game computers, will give Dell cachet in that segment. Parra says Dell's stores give consumers a chance to see its multimedia PCs and laptops in a home environment, paired with some of Dell's other consumer goods like its flat-screen TV sets. The com-



S RETAIL T's a tough sell

pany expects to open more stores in the fall.

The second reason for Dell to go retail is more prosaic. For years, Dell's direct-

is more prosaic. For years, Dell's directshipment model proved especially good for selling to businesses, which generate 80% of its sales. But the business market is becoming more commoditized, and prices are in a free fall. So everyday shoppers are powering the industry's growth. The consumer market grew at twice the pace of the enterprise market last year, according to technologyresearch firm IDC. Result: Dell's stock has plummeted 52% in the past year. The company's sales grew a lackluster (for Dell) 14%, to \$56 billion, in fiscal year 2006. Last Friday, Dell stunned Wall Street by warning that its second quarter would be a dog, sending the stock down 10% that day, to \$19.91, and taking the NASDAO with it. A resurgent Hewlett-Packard, meanwhile, has outpaced the industry: it announced in May that profits had grown 51% over the prior year.

Many of the challenges facing Dell seem to spring from the very innovations that made it a juggernaut. By selling direct, Dell keeps a lid on overhead and offers customized computers at competitive prices, with relatively swift delivery. As the price of computing dropped. Dell was consistently able to shed costs and maintain a price advantage over rivals. But this year Dell's competitors have attacked that price gap, HP slashed thousands of jobs and reduced the number of assembly plants, streamlining its supply chain and enabling it to go head to head with Dell on low-end machines. Retailers have also cut prices, even selling at cost and relying on upgrades and services for profits. In opening stores, Dell is acknowledg-

in opening stores, Den is acknown

ing that retailers are in a better position to address the increasing number of consumers who view computers as an entertainment purchase. Welk down the asie of your local Best Buy, and you will see that desktop screens are as likely to display sid Meiera* Cicilization as H&R Block TaxCat. "It's not just a PC anymore. I'm connecting this work to the rest of my life," says Michael Vitelli, senior viee president of consumer electrons: "Dell made its money when the computer was a static box. People want to see the art

One possibility that doesn't exist is the ability to walk out of the store with a computer. The new stores won't carry inventor, so consumers will have to wait a few days for delivery. That lowers operating costs, but Ytelia says the impatience of the gotta-have-it-now mall shopper is not on Dell's side. "Are you going to go to the restaurant, look at the menu and say. That's great. Send me the med in 10 days?"

Even as the company ramps up its retail operation, Dell Cox Kevin Rollins still downplays the significance of the home market, saving "It's a secondary priority compared to our corporate customers." And he argues that the move is really an expansion of the small kinesk that Dell has set up in malls to allow customers to place orders. Says Parra: "We have 160 kinesk that have been very successful, and all we are doing is expanding on that success."

The stores are part of a bigger program to make the company more user-friendly. Dell is retraining its customer-support staff and offering a new service called Dell Direct. which allows a technician to connect to a customer's computer to root out problems. That's partly in response to harsh criticism after the company didn't initially beef up customer support as business grew, leading to 30-min. waits to talk to a phone rep. Last year Dell also announced it would hire 1,500 more call-enter workers. "What I am most excited about is the investment in customer support," as yes, Bollins. "It allows consumers who are not on a network directly, to connect with us the same way a big corporate leither would."

Dell is confident that the direct model still affords consumers as much advantage as it does business. But last week's results signal that the days of exceeding growth predictions are probably over. Dell may be forced to grind it out like everyone else. "When you're that big, how do you keep growing like that?" asks Roger Kay, president of research firm Endpoint Technologies, "Dell has to reset Wall Street's expectations, but the computer industry is still seen as young. It's hard for a tech company to face Wall Street and say, 'Look, guys, this is who we are." It may be even harder when you've been No. 1 forever.

-52%
Dell's stock tumbled in the past year as its growth slowed

▼ REBOOT: Dell is adding more powerful machines, such as the XPS line, to appeal to the homeentertainment set

STAYING IN TOUCH: Kevin Rollins, Dell's CEO, says the company is increasing service levels and reaffirming its commitment to

consumers



American researchers-fed up with politics getting in the way of science-are packing up and heading to Singapore, which is delighted to have them

By BRYAN WALSH SINGAPORE

OR A SERIAL KIDNAPPER, PHILIP YEO looks harmless enough. But to hear some people tell it, he's a dangerous man. Over the past six years, Yeo has been roaming the world, trailing talented scientists in Washington; San Diego; Palo Alto, Calif.; Edinburgh and elsewhere, and spiriting them back to his home country of Singapore. Like any proud collector, Yeo never tires of ticking off his most prized trophies: former National Cancer Institute star Edison Liu, American husband-and-wife team Nancy Jenkins and Neal Copeland, British cancer researcher David Lane. "I'm a people snatcher," he says unashamedly.

What distinguishes Yeo from other kidnappers, of course, is that his targets go willingly. They happily relocate to Singapore's new 2 million-sq.-ft. Biopolis research center, where they can concentrate on one

thing they can't always study so easily back home: stem cells. Just last week President George W. Bush used the first veto of his presidency to block a congressional action that would have lifted his 2001 ban on federal funding for most stemcell research, ensuring that cell lines will remain scarce and money short at research centers lacking the state funding or private wealth to thumb their nose at dollars from Washington.

While Bush's action infuriated U.S. scientists, political catfights aren't the only things that make stem-cell research a challenge. The science is complex, the cost is high, and the efforts are scattered all over the world. Enter Singapore, which has begun offering itself as a combination sanctuarv and think tank for scientists in the field.

The idea that buttoned-up Singapore. better known for punitive caning and a onetime ban on chewing gum, should emerge as a center of enlightenment seems unlikely. month, Singapore announced a doubling of its R&D budget, to \$8.2 billion over the next five years, making it a regional research hub, particularly in stem cells. That's attractive to frustrated American scientists-and worrisome to people who want to see the U.S. retain its scientific edge.

"I think there is a risk of a brain drain, and we are seeing it," says Christopher Thomas Scott, executive director of the Stanford Program on Stem Cells in Society. Yeo, for one, is blunt about taking advantage of the American political climate. "I go to the U.S., and I tell those scientists, Come to Singapore and finish your work,"

Singapore's leadership in stem-cell research is not new. In 1994, Ariff Bongso, a





Sri Lanka-born embryologist at the National University of Singapore, became the first person to isolate human embryonic stem cells, and in 2002 he discovered a way to grow stem-cell lines without the use of animal cells, which could make it easier to find clinical uses in human beings. Bongso achieved those breakthroughs nearly alone, but that would not be the case anymore, thanks to Sipolis, the government's \$300 million bet on bioscience.

A group of seven asymmetrical buildings with sci-fi names like Nanos and Proteos, all connected by transparent sky bridges. Biopolis is meant to be a selfenclosed science city, housing government research institutes, biotech start-ups and global drug companies. At the ground level, researchers from some 50 countries meet and mingle over spicy lakes noodles. Philly cheesesteaks and German beer, discussing projects in English, the most widely spoken language in the multiethnic city. Inside, the well-stocked labs positively gleam. Ng Huck Hui, a team leader at the Genome Institute of Singapore, points to an expensive array of semiconductors. "We bought that three years ago, so by our standards if spretty old," he says. "Might be time to get a new one." Says Lane, the Edinburgh expat who moved to Singapore in 2004 to head the Institute of Molecular and Cell Biology. "The funding here is extremely good. You're in scientific heaven."

And it's only getting better. Late last year the government launched the Singapore Stem Cell Consortium, chaired by Cambridge University-based stem-cell scientist Roger Pederson, which will set

aside \$45 million for research in the field over the next three years. Money also comes from university grants and offshore organizations like the U.S.-based Juvenile Diabetes Research Foundation. The diabetes group has helped fund biotech startup ES Cell International (ESI), home to Briton-and now Singapore resident-Alan Colman, who was part of the British team that cloned Dolly the sheep in 1996. ESI manufactures its own embryonic-stem-cell lines and is working on shaping those cells into insulin-producing pancreatic tissue and cardiac muscle, which could be given to patients suffering from diabetes or heart disease. It's exactly the kind of potentially profitable research Singapore wants, and the company hopes to begin clinical trials next year. As with most stem-cell work at Biopolis, where the focus at ESI is on building a broad business. Rather than designing patient-specific stem cells, grown from the very people who would later use them, ESI wants to create an inventory of more generalized cells that could be matched to a population of patients—the stem-cell equivalent of a blood bank.

"I think Singapore punches well above its weight in this area," says Colman. "That's why I'm here." Another reason is Singapore's liberal regulations, which allow stem cells to be cultured from embryos up to 14 days old, although reproductive cloning is strictly illegal.

Given its small size, Singapore will never really threaten the U.S.'s overall biomedical muscle, nor is it trying to. But it's impossible to witness the buzz at Biopolis or meet scientists who have chosen Southeast Asia over Stanford and not wonder how much the U.S. could achieve in stem-cell research if it were as science mad as this citystate of 4.4 million. For all the hundreds of millions of dollars Singapore has devoted to high-tech lab equipment and recruiting top scientists from around the world, it is spending just as much to educate a homegrown core of young Singaporean scientists to continue the work. Until they come of age, Yeo will be just as happy to come shopping for talent in the U.S. And as long as the stem-cell debate stumbles on in the U.S., American scientists will be just as happy to go.



TONY BENNETT'S GUIDE TO INTIMACY

FOR HIS NEW ALBUM, THE SINGER GOT THE BIGGEST NAMES IN MUSIC TO DO THINGS HIS WAY. AND SPARKS DID FLY BY JOSH TYRANGIEL







Streisand and McGraw were among the many who tackled duets

TONY BENNETT WILL TURN 80 on Aug. 3,

and while he doesn't think of longevity just in marketing terms, he's happy to have a son who does. It was 15 years ago that Danny Bennett rescued his father from pop-culture oblivion by pairing him with younger stars—kd. lang, the Red Hot Chill Peppers—on a succession of red carpets, nudging of Tone's style toward MTV without sacrificing his half-century of musical substance. Tony has been flying on the fumes of hipness ever since, and Danny sees the big eight-O as the perfect moment for another boost of publicity rocket fuel. Tive had my eye on this since his 75th," says the younger Bennett. "Most people's concept of 80 is you can't get up the stairs, but Tony still sings like he's 20, and he has fans of all ages. You bet we're going to remind people of that."

The coming months will see a Tony Bennett feature documentary, executive-produced by Clint Eastwood, and a primetime NBC special directed by Rob Marshall (Chicago). Bennett, who in conversation sounds like he's smilling even on the rare occasions when he's not, has nothing but exclamation points for Eastwood ("A class fella!") and Marshall ("Best director I've ever worked with!"). Initially, though, he had no interest in making the album that is at the center of his booming birthday industry, Tony Bennett: Duets/An American Classic, due out Sept. 26. I'vas apprehensive' says Bennett: "I lean toward jazz, but jazz doesn't sell records. Dan's idea was collaborations on my greatest his with contemporary artists who are institutions— Streisand, Elvis Costello, Bono. I told him I'd do it, but on certain terms."

Except for a few wrinkles and a head of silvery, cotton-ball hair, Bennett doesn't look particularly old. He is, however, deeply old school. He calls Elton John a "new" artist and refers to his girlfriend as "my special lady" (That his special lady is 40 years younger upholds another show-bix tradition.) Bennett is



at his most reactionary when it comes to making music. Since 1970's disastrous Tonu Sings the Great Hits of Today!, which featured a Shatneresque take on Eleanor Rigby, he has clung to the great American songbook and insisted on recording with live musicians. If he's doing a duet, he wants his partner singing with him live on a single take-an almost unheard-of level of fussiness in an era when voices are spliced and diced and singers collaborate from different continents. "It's not just putting on a tuxedo, grabbing one of those old microphones and putting it on the album cover," says Costello. "With Tony, you've got to be there and have some curiosity about the music. You've got to learn his method."

In all, 18 acts-including Bono, Barbra Streisand, Paul McCartney, Stevie Wonder and the Dixie Chickstinkered with their schedules and submitted to Bennett's requirements. (A love for Bennett's voice was a driving factor, though the success of Ray Charles' multiplatinum, Grammywinning Genius Loves Company was a compelling model of the benefits of synergy.) But singing à deux can be a tricky business. "Duets are blind dates," says Bennett. "You meet people, often for the first time, and then you've got to get close enough to them to get at the soul of a song. We're trying for instant intimacy. You never know if you're going to get it."

Sure enough, Bennett, while a warm and enthusiastic paramour, is not a patient one. "You don't get more than three takes," laughs Costello after recording Are You Havin' Any Fun? (and watching his wife Diana Krall record The Best Is Yet to Come) at Ben-

nett's Englewood, N.I., studio. After three takes of Cold. Cold Heart, the Hank Williams song Bennett took to No. 1 in 1951, producer Phil Ramone asks Tim McGraw, "You want one more?" McGraw, who can't stop confessing his nerves, says, "I want 20 more." Bennett looks momentarily ill. "If Tim wants to do 20 more, we'll do 20 more!" he chirps, adding, "That was a good one, though."

Some of Bennett's need for speed is the product of a Depression-era upbringing. "The studio isn't a clubhouse," he says. "We're here to work." But it's also a critical part of his process. "Singing intimately is almost like thinking into a microphone, so it helps to have the song buried inside vou." Like a method actor, Bennett goes over lyrics for days-even for songs he has sung forever-repeating them until they're second nature. When the time comes to record, the words pour out with different emphases on each take. (On Cold, Cold Heart, the shift from a brisk apart to a drawn-out whhhh-part tips the mood from disdain to misery.) The advantage is that his performances are spontaneous and deeply felt: the disadvantage is that each one exhausts him. So Bennett values focus and speed in his partners, and the fact that it took Elton John just 31 minutes to exit his limo, record Rags to Riches and return to his limo is mentioned around the studio as if it were a historic sexual conquest

Bennett's technique can be a little imposing. So can the presence of four guys



with live instruments. When Billy Joel peers over his microphone and sees the Ralph Sharon Quartet, he says, "Live instrumentation? So if we f up, they got to do it again and again? Ho boy. I haven't had a drink in a year, but right now, I really want a cocktail." McGraw says simply, "Uh, I've never done this before." (He does have a cocktail.) Once a duet partner gets used to the live instruments, there's the vocal to reckon with. "You don't want to sound like you're doing an impersonation," says Costello, "especially since he'd be the best person to copy and he's standing right here." Still, all three end up slipping into imitation. "Am I doing Tony too much?" Ioel asks the control room after a take of The Good Life. "I'm trying not to." Pause. "I could do Frank."

Bennett: "How about yourself?" loel: "I don't know who that is."

Bennett: "Well, I'm not a psychiatrist." Joel cracks up, then nails his take. "He likes to work fast, but he's not ignorant of chemistry," says Ioel. "We got that banter going, and that helps you feel the song."

The Good Life is sung partly in unison: harmony has a different set of challenges. "He's actually got more breath than me." says McGraw. "I've got to figure out how to hold things longer and match up." Costello admits, "In a certain register I get very loud, and when you're trying to sing harmonyeven with Tony just five feet away-there's a point after which I'll only hear myself.

That's not a good thing, you know. You tend to remember the more intimate voice on a duet, not the screaming madman." Bennett doesn't like wasting time, but he bounces happily on his left heel while he and Costello discuss harmonics. "I've been doing these songs for 60 years," Bennett says, "so talking like this is good for me. You have to stay open to new possibilities, and everyone on this record has been so prepared. They've got valuable ideas.

Bennett and Costello decide to stand a little farther apart, and Bennett advises, "Don't worry about the dynamics. Sound how you want to sound because the contrast is the thing." Later, Costello says, "I would never have chosen this song in a million years. I'm more at home with ballads. But you do a swing tune, and vou realize-it's a gas! If it isn't Hope and Crosby, maybe it's Hope and Dorothy Lamour."

That Tony Bennett: Duets/An American Classic is a throwback is

the point, of course, but the intimacy it creates feels startlingly new. Stevie Wonder slides into I Left My Heart in San Francisco on a harmonica solo and laughs. Bennett does a bit of Jimmy Durante gruffness to balance McCartney's smoothness on The Very Thought of You. Costello and Bennett ask Are You Havin' Any Fun? and sound like they genuinely are. What sticks with you is the sound of two famous voices getting to know each other, even if the encounter lasts only a few minutes. "Some of the people on the album, like the Dixie Chicks and John Legend, told me they're thinking about making their next albums this way," says Bennett. "I hope they do. We should never get to a place where we forget the power of beautiful voices and a beautiful song." It's the kind of thing that sells itself.



Miami Without the Pastels

The updated *Miami Vice* movie is dark, detailed and only really gets going when the gunplay starts

HERE ARE SOME VERY PRETTY IMAGES
in Miami Viec: a popty little airplane
flirting with a massive bank of clouds;
down angles on speedboats cutting
wide, frothy wakes through the water; almost any moment the camera concentrates
on Gong Li or Naomie Harris.

But on the whole, the director, Michael Mann (who also wrote the screenply,), is in a grittler mood than he was in the days when Yice was a sensational TV presence. And he does not have a taste here for the muted tones that made Collateral is actuative in 2004. He's more in the dark-of-night Heart mode. He uses high-definition (RID) digital cameras, since HD imparts more visual information than film stock, especially in low light. In terms of cinematography, Mann may embody the future of large-scale commercial movies.

It must be said, however, that Mann the writer is perhaps a little too taken with detail. Basically, his undercover-cop duo Jamie Foxx and Colin Farrell) are pretending to be high-level, feelance drug smugglers making a deal with a Hispanic cartel that does not think small, and in the first part of his film Mann dawdles them through a labyrinth that's not conventionally menacing. Foxx and Farrell don't have a lot to do in those passages, which permits us to

spend plenty of time with Li, who plays the criminal gang's enigmatic financial whiz, and that time is scarcely wasted. Mann never explains why she has fallen into bad company instead of rising to the top on Wall Street, and that makes her more attractive to Farrell—and to us.

There's nothing mysterious about Harris, playing Foxo's cop lover. She's brave and tough minded, and her fate is what finally energizes the movie's concluding chapter. Mann is good at action, especially when it comes to surprises—the sudden blossoming of blood behind a gunned-down bad guy, the mighty explosion that we aren't expecting.

It's probably fair to say that Mann's detailing of the final sequences is, in its way, of a piece with the careful way he introduces his many characters and lays out his plotfluses in the movie's static beginning. There's obviously a compulsive component to his nature. But home than rewards our patience when he finally flings himself into action. There is a very firm sense of screen geography when the guns start flashing, no careless frenzy in his staging, only a sort of deadly logic. It's a quality that's always in short supply when erime movies commence winding down. And it's worth waiting for in Minni Vice.——9, Richard Schiele. "Hey, Honda Clearance is a real page-turner. Get it?"



The 2006 Honda Clearance



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RESTAURANT **COOKBOOKS TO KEEP YOU DINING IN**

New books from the hottest places to eat out can turn anyone into a top chef



A TOWN/ COUNTRY GEOFFREY 7AKARIAN TAKING HIS CUE

from his two New York City restaurants. Town and Country, Zakarian uses 65 ingredients to make both fancy "town" and more everyday "country" recipes. For instance, the town selection offers a decadent Lobster Ginger Royale with ginger broth

and coconut custard: the coun-

try version is an equally delicious but simpler lobster roll made with store-bought mavo.



STINKING ROSE ANDREA FRONCILLO THE ORIGINAL

Stinking Rose in San Francisco is renowned for its use of garlic, even in cocktails. This book presents simple but sublime recipes for pungent

GOING TO TOWN: Zakarian's shrimp scampi with black truffles

pastas, garlic-encrusted baby back ribs, creamy garlicspinach fondue, chicken with 40 cloves of garlic and, right, pizzas. The faint of heart or palate, however, may want to skip the garlic ice cream.



MORTON'S STEAK RIBLE KLAUS FRITCH THIS MEATY tome is filled with easy-to-

follow recipes for steakhouse favorites like garlicky creamed spinach, perfectly crisp hashbrown potatoes and a sumptuous shrimp Alexander with heurre blanc But in the end it's all about the beef, and the book provides invaluable tips about how to select meat and cook it: all cuts except ground meat should be brought to room temperature and sprinkled lightly with seasoned salt. And, of course, when grilling, you should turn steak only once.



THE LEVER HOUSE сооквоок DAN SILVERMAN AND

JOANN CIANCIULLI WHEN THE GREEN-GLASS LEVER

House building opened in 1952. it was called "the eighth wonder of the world." Nowadays the

wonder is the building's eponymous restaurant. where chef Dan Silverman serves his imaginative seasonal menus. This cookbook allows the

home cook to confidently re-create dishes like buttery cod with black-oliveand-onion confit or sorrel soup with smoked trout.



ITALIAN TWO EASY LONDON RIVER CAFE

BIG SMALL PLATES CINDY PAWLCYN FAMED FOR HER work at Fog City

Diner, Mustards Grill and Cindy's Backstreet Kitchen. Pawlcyn has been an integral part of the California dining scene for more than two decades. In this book, her third, she culls the best small plates from each of her restaurants. including starters, soups and sweets. Among them are light and airy gougères, silky-smooth corn custards topped with buttery morel mushrooms and delicately spiced lamb burgers.



VITALIAN TWO EASY ROSE GRAY AND RUTH ROGERS THIS IS THE SIXTH cookbook from

beloved River Café. The book begins with a dozen easy ways to serve firstcourse mozzarella

cheese, and the recipes that follow, all simple and streamlined, celebrate seasonal foods. It will seem like a snap to

create meals like fried eggplant with basil and tomato, left, or rich roast duck simmered in Valpolicella wine.

-By Lisa McLaughlin

"Your wallet will thank me later."

-Mr. Opportunity

















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A CAR SALESMAN YOU CAN TRUST

By DANIEL KADLEC



ROBERT CHAMBERS, 62, WANTED TO scale back his work hours and responsibility. So he left his career in computer services and began selling cars, seeing it as a fun way to stay as

busy as he wanted while generating some income. But he quickly grew disillusioned with his new job. "I got sick of watching guys high-five behind glass

walls" after they had bullied someone "who probably makes \$10 an hour" into overpaying, he says.

That's when Chambers discovered his calling. He founded Bonnie CLAC (Car Loans and Counseling), a nonprofit that attempts to negotiate fair car prices for the working poor and offers them low-rate loans. Since launching his firm in Lebanon, N.H., five vears ago, Chambers has underwritten \$10 million in loans, and his clients have saved an average of \$7,000 over the life of their loan, he says,

Chambers and others like him are an emerging face of philanthropy in the U.S. Individually, they will never



have the impact of, say, Bill Gates, whose foundation can lay claim to assets that dwarf the gross domestic product of many not-so-small countries. But collectively, regular people who have just retired or are approaching retirement age are making their distinctive mark as social

entrepreneurs. And why not? They are part of the healthiest retirement generation Projected number of volunteers in the U.S. in 2010 to date. "A second, non-

core career with a focus on BONNIE CLAC

service will be their hallmark," predicts Marc Freedman, founder and president of Civic Ventures, a think tank dedicated to helping people find personally rewarding careers and volunteer work as they age.

Chambers, for his part, takes a salary for his do-good efforts. But that's a small reason he's in the game. "It's changing people's lives," he says of his loan and counseling service. By

making reliable transportation affordable, he helps clients hold a job, which builds their credit.

Civic Ventures recently established a \$100,000 Purpose Prize to reward five people who are over 60 and making a difference in the world. They will be named in September, and all finalists are eligible for a grant to further develop their ideas. Freedman was worried that he might not get enough nomi**AUTO SHOP**

nees, but he has received more than 1.500. Chambers

is a finalist. Among the others are Martha Rollins, 63, of Richmond, Va., who runs a furniture store and café staffed by ex-convicts: June Simmons, 64. of San Fernando. Calif., whose nonprofit trains

social workers

to cut down on lifethreatening errors in their care of the elderly: and Charles Dev. 75, of Lyme, Conn., who places high school students who have disabilities in paid internships that provide a workplace mentor. Chambers hopes to use any prize money to expand his New England auto-loan operation across the U.S. If more folks can afford to get to work, more will, he reasons. That's

making a difference.

VOLUNTEER BOOMERS

Nearly 26 million people-or about a third of the postwar generation-volunteered for a formal organization in 2005

The percentage of retired baby boomers who volunteer has been increasing steadily, rising from 25% in 2002 to approximately 30% in 2004

Of U.S. workers over 45, 69% plan to work in some capacity during retirement, while only 28% expect not to work at all

BACK TO

TECHNOLOGY

Just when you thought shoulder pads and leggings had gone the way of those old Madonna LPs, the decade of greed roars back into fashion. For fall, designers are layering on leggings, wide belts and baggy sweaters. "Leggings give everything a sleek, modern look," says Ken Downing. fashion director of Neiman Marcus, But are you ready to revive the Flashdance look?"It's easy to romanticize a time when excess was a part of everyday life," savs designer Cynthia Rowley. So turn up that disco beat and push up your sleeves.

-By Kate Betts



WATCH OUT FOR THIS WATCH Designer Marco Mavilla has tapped into '80s style with a timely idea: an acrylic and stainless chronograph that's half the weight of the real thing-and a fraction of the price. ToyWatch's Chronograph Sport (\$225), left, comes in several colors and is one of four styles, all of which run with Citizen movement. Madonna has already clocked this trend. -By Caroline Tell

ICCESSORIES THAT



THE BIGGER THE BETTER

The clutch and the slouchy, oversize handbag are both hallmarks of 1980s style. The latter comes guilted. above, from Dior, Red is also the favorite color for accessories, accenting fall's elegant, somber silhouette





HIGH DEFINITION

In the '80s, designers like Azzedine Alaïa and Claude Montana highlighted their curvy suits and skintight dresses with suck-it-in belts like the Double-Buckle Cinch Belt, above, from Target



Nothing evokes the ambitious '80s style so neatly as a stiletto. This season the must-have shoe to finish off the legging look: a pair of ankle boots like the ones above, from Sergio Rossi

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Belgium	2¢	Hungary	2¢	Netherlands	2¢	Spain	2¢
Bogota	7¢	India	110	Norway	2¢	Sweden	2¢
Canada	2¢	Ireland	2¢	Pakistan	11¢	Switzerland	2¢
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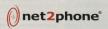
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If You Have an Asbestos Personal Injury Claim Against Owens Corning or its Related Debtors,

Please Read This Notice of Voting Rights and Hearing to Consider Whether to Approve Plan of Reorganization

The Sixth Amended Joint Plan (as Modified) to reorganize Owens Corning ("Plan") has been filed in the United States Bankruptey Court for the District of Delaware (Case No. 00-03877/JKF) by Owens Corning and its affiliated debtors listed below ("Debtors"), the Official Committee of Asbestos Claimants and the Legal Representative for Future Claimants.

Persons or entities with personal injury or wrongful death claims relating to exposure to asbestos or asbestos-containing products manufactured, distributed or sold by any of the Debtors, may vote to accept or reject the Plan by September 1, 2006. Many claims against the Debtors concern high temperature insulation products manufactured by the Fibreboard Corporation or Owens Corning. Product names included PLANT, PABCO, KAYLO, PRASCO and AIRCFEI I.

A detailed document describing the Plan, called the "Disclosure Statement," which was approved by the Bankruptcy Court on July 11, 2006, together with a copy of the Plan itself and voting materials called a "Solicitation Package," has been mailed to known holders of claims against the Debtors or their lawyers.

Important Plan Provisions Regarding Asbestos-Related Claims
The Plan provides for a Trust to be set up to process and pay all
eligible asbestos personal injury claims. The Plan provides that
persons and entities with asbestos-related claims will be forever
barred from asserting their claims directly against any of the
Debtors. You should read the Plan and Disclosure Statement
carefully for details about how this may affect your rights.

Special Plan Voting Procedures

The Bankruptcy Court has issued an order describing exactly who can vote on the Plan and how to vote. The Disclosure Statement contains information that will help you decide how to vote on the Plan if you are entitled to do so. Your legal rights may be affected if you do not vote on the Plan. To be counted, a ballot voting on the Plan must be received by the Debtors' Voting Agent by 4:00 p.m., prevailing Pacific Time, on September 1, 2006. If a ballot is not received by that date and time, it will not be counted.

Copies of the Disclosure Statement, Solicitation Package, the notice of the hearing to consider confirmation of the Plan and the procedures related to it, and other key documents related to the Debtors' bankruptcy cases may be obtained on the Debtors' bankruptcy website (www.ocplan.com) or may be obtained by writing the Debtors' Voting Acent at the address below.

Asbestos Personal Injury and Wrongful Death Claims

Proof of an asbestos personal injury or wrongful death claim does not need to be filed with the Bankruptcy Court at this time. The Bankruptcy Court has established special procedures for holders of asbestos personal injury and wrongful death claims to vote on the Plan. Lawyers for holders of these claims may vote on the Plan on behalf of their clients if authorized by their client. If you are unsure whether your lawyer is authorized to vote on your behalf, please contact your lawyer.

Hearing to Confirm the Plan

A hearing to confirm the Plan (the "Confirmation Hearing") will be held before the Honorable Judith K. Fitzgerald, United States Bankrupte, Judge at US Bankruptey Court, \$490 US Steel Tower, 600 Grant Street, Pittsburgh, PA 15219 on September 18, 2006 at 99.00 a.m. You may attend the hearing, but are not required to do so. If you want to object to the Plan, you must follow the procedures outlined in the Solicitation Package. Objections to the Plan must be filed with the Clerk of the Bankruptey Court, United States Bankruptey Court for the District of Delaware, 824 Market Street, 3rd floor, Wilmington, Delaware 19801, and received no later than 4:00 p.m. (prevailing Eastern time) on September 1, 2006. If you or your attorney do not file an objection, the Court may conclude that you do not opose confirmation of the Plan and may enter an order confirming the Plan by which you will be bound.

To receive a copy of the Plan, the Disclosure Statement and other information related to voting on the Plan

Write: Voting Agent at Owens Corning c/o Omni Management Group, LLC, 16161 Ventura Blvd., PMB 626, Encino, California 91436-2522

Call: 1-800-873-4096 Fax: 818-905-6542

Email: oc@omnimgt.com or Access: www.ocplan.com

Debtors

Owens Coming, CDC Corporation, Engineered Yams America, Inc., Falcon Foam Corporation, Integres, Fibreboard Corporation, Esterior Systems, In., Integres, Positional Services LLC, Integres Ventures LLC, Honger Supply Chain Solutions LLC, Integres Testing Systems LLC, Integres Ventures LLC, Glores Ventures LLC, Glores Company Systems LLC, and Solvers Ventures LLC, and Solver, Inc., Owens Corning RT, Inc., Owens-Corning Overseas Holdings, Inc., Owens Corning Remodeling Systems, LLC, and Solver, Inc.

Q&A | COURTENEY COX ARQUETTE

This summer, former Friend Courteney Cox Arquette voices a cow in Barnyard and plays a geeky scientist in Zoom.

Did you deliberately make two family movies back to back? No, Barnyard I did when I was breast-feeding. I also did a cameo then in The Longest Yard. Some people are disappointed when they see that parts of me have gone back to

their original size now. In Dirt, an upcoming FX show, you play a tabloid editor. Is this revenge against the gossip industry? It was inspired by an actual richent. When I was preguant, I was driving, and paparazzi were taligating me. I foolishly tried to outrun them. I was hormonal. [It made me think] there has got to be something we can do not be paparazzi.

What do you like about producing? I like control. Finding projects. Some of the money stuff I'm not nuts about. When you have to talk about money, people get weird.

people get weird.

Your headand Don'd Arquette just finished writing and directing his first film. Did you help? It's a political bornor film called The Tripper. It's gory and irreversent. [Actor] Thomas Jane, my brother-in-law, and I edited it. We made David leaw the room. Your office is freskishly next and Don'd's is, well, not. Walking from his office into mine feels like walking from his office into

Walking from his office into mine feels like walking from a snowstorm to a beach. There's not a room in the world big enough for all his stuff, so he has a storage unit. I don't understand the storage unit.

Inderstand the storage unit.
David is the opposite of me.
We probably met for major
reasons. I'm supposed to
become more like him, and
he's supposed to become
more like me. But I still
don't like storage.

TOUR DE FORCE

Just when Americans thought it was safe to ignore the Tour de France, another scrappy U.S. cyclist and medical manel has ridden into the breach left by Lance Amstrong. Pedaling with a bum hip, FLOPE LANDIS, 30, a Memonite raised in Pennsylvania, didn't FLOPE LANDIS, 30, a Memonite raised in Pennsylvania, didn't seem like the gay to be ton, especially after the dealt with a devastating one-day drop from first place to 11th (because of a loss of energy, known as "a "bonk") by horing a bener. It must have been a stout, because Landis, who suffers from a degenerative hip condition, returned the next day to set

a blistering pace through the Alps, gaining third place and uttimately the yellow jersey that signifies first place in the world's most grueling sports event. "He went from the penthouse to the outhouse to the outhouse to the outhouse to the world's most fixed by a significant will celebrate with hip-replacement surgery. And

we skip the gym because

our back kind of hurts?



SCREEN TEST

Find your celebrity intelligence quotient with this quiz of the latest breakups, restraining orders and middle-age road trips.



1) CHRISTIE BRINKLEY, 52, SPLIT FROM ARCHITECT PETER COOK, 47, BECAUSE:

A) He carried on an affair with a teenager he met in a toy store B) He refused to stop singing Uptown Girl at karaoke night C) He flies into a jealous rage when her Total Gym infomercial with Chuck Norris comes on TV D) If 50 is the new 40, then Cook is more interested in the new 10

2) JOHN CUSACK OBTAINED A RESTRAINING ORDER AGAINST A HOMELESS WOMAN BECAUSE SHE:

A) Insisted on holding a boom box blaring In Your Eyes outside his bedroom window at night. B) Sent letters over his fence in bags with rocks and screwdrivers inside C) Kept asking him to explain his character's motivation in Con Air D) Is really Jack Black in tights promoting Nacho Libre door to door



THE PART OF THE PA

3) TOM HANKS, DENNIS MILLER AND RON HOWARD RENTED A BUS AND TOOK A ROAD TRIP TOGETHER TO: A) Celebrate Hanks' 50th birthday by visiting

major league ballparks B) Celebrate Hanks '50th birthday by finding Meg Ryan C) Get their kicks on Route 66 D) Film The Da Vincl Code 2: Electric Boogaloo

AND AFTER THE SHOW... A perk of owning a media empire is that

you can use it to squash pesky rumos about your sexually. In the August issue of Q. which is about friendship, OPPAH, OPP



ISTRATION FOR TIME BY GREG CLARKE

Barbara Ehrenreich

Guys Just Want to Have Fun

And why they know exactly what they're doing

HEN I WAS IN COLLEGE, I FOLLOWED A SIMPLE STRATeggy: Go where the boys are. Sure, that led me into many
settings where inebriants flowed, but my reasoning was
strictly practical. Men ruled the world, as anyone could
see, so the trick was to do as they did. No grifte major like at thistory or French lit for me. I started in chemistry and then proceeded up the gender gradient to physics, finally achieving in
Classical Mechanics the exalted status of only grif in the class.

But that was an era when the cool kids smoked Gauloises and argued about Kierkegaard and Trotsky. Today, as two recent

reports have revealed, it's the girls who achieve and the boys who coast along on gut courses congenial to hangovers. Boys are less likely to go to college in the first place (only 45% of college students under 25 are male) and are less likely to graduate as well. If I tried to follow my original strategy now, I would probably end up with an M.A. in Madden, the football video game, and a postgraduate sky in rehab.

The trend has occasioned some predictions of a coming matriarchy in which high-achieving women will rule over a nation of slacker guys. We've all seen the movie, an endless loop culminating most recently in You, Me and Dupree. That lit-

tle girls' T shirt slogan—GIRLS RULE, BOYS DROOL—is beginning to look less like a slur and more like an empirical observation.

But it may be that the boys still know what they're doing. Among other things that have changed since the '60s is the corporate culture, which once valued literacy, numeracy, high cross and the ability to construct a simple sentence. No doubt there are still workplaces where such achievements are valued, but when I set out as an undercover journalist seeking a whitecollar corporate job for my book Bait and Switch, I was shocked to find the emphasis entirely on such elusive qualities as "personality," "attitude" and "likability." Play down the smarts, the career coaches and self-help books advised, cull the experience and exuale a "positive attitude."

In a June article on corporate personality testing, the Washington *Post* reported on a woman who passed the skills test

Ehrenreich is an essayist and the author of the books Bait and Switch and Nickel and Dimed for a customer-care job but wasn't hired because she failed the personality test. Those tests, including the ubiquitous Myers-Briggs test, have no scientific credibility or predictive value, as Annie Murphy Paul showed in her 2004 book, Cult of Personality, You can have one Myers-Briggs personality on Tuesday and another when you retake the test on Thursday. Their chief function, as far as I could tell when I took them, was to weed out the introverts. When asked whether you'd rather be the life of the party or curl up with a book, the correct answer is always "Party"!

So the best preparation for that all-important personality test

may well be a college career spent playing poker and doing tequila shots. An Atlanta woman I interviewed, a skilled website writer, was fired without explanation after a few weeks at a job. "I tried to fit in," she told me. "I went to lunch with the guys, but all they talked about was sports, which I know nothing about, and they all seemed to know each other from college." Poor thing, she had probably wasted her college years in the library.

The business world isn't totally hostile to higher education—an M.B.A. still counts for something. But as G.J. Meyer wrote in his classic 1995 book, Executive Blues: Down and Out in Corporate America, a higher

in Corporate America, a higher degree in something other than business or law-or, worse, a stint of college teaching—can impart a deadly "academic stench" to onc's résumé. And what are we to make of the growing corporate defiance of elementary grammar? At a job fair I attended, AT&T Wireless solicited sales reps with the question, if it was a question, "Are you ready to put your skills to work. Like the way you're a quick study. How you're good at finding solutions." Take that, you irritating, irrelevant English 101 professors!

Maybe we need a return to gender-segregated higher education, with the academic equivalent of Pinocchio's Pleasure Island for boys, where they can hone their "people skills" at keg parties. But we will need those high-achieving girls more than ever. Someone, after all, is going to have to figure out how to make an economy run by superannuated slacker boys competitive again in a world filled with Chinese and Indian brainiacs. I'd still major in physics if I were doing it again, just because there ought to be at least a few Americans, of whatever gender, who know something beyond the technology of beer bongs.





ALL SCIENCE, NO FICTION.



Avaion Limited shown with available equipment. Oynamic Laser Cruise Control was designed to assist the driver and is not a substitute for safe and attentive driving practices. Please see your Owner's Manual for important caudions and instructions. Requires Vehicle Stability Control (VSC). "Available on Limited only. ©2006 loyotal Motor Sales, U.S.A., Inc.



A pet store moves in next to your bottling plant. Care to talk liabilities?

These days, risks come in every size, shape and fur color. That's why, at Travelers, we work with you to identify any changes in your business and to make sure your insurance keeps up. Our underwriters understand your business, so they can offer custom expertise that leads to better solutions. Give your independent agent a call to hear all the benefits of being in-synch. So you can keep your thoughts on your business—instead of worrying about what's coming out of the woodwork next.

